

Attachment 1

**Report to Congress
Submitted pursuant to U.S. Policy in Iraq Act,
Section 1227 of the National Defense
Authorization Act for ,FiscalYear 2006
(PL 109-163)**

APRIL 6,2006

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Introduction

This report is submitted consistent with section 1227 of the National Defense Authorization Act for Fiscal Year 2006 (Public Law 109-163) concerning United States Policy in Iraq. The Report covers current military, diplomatic, political, and economic measures that are being or have been undertaken to complete our mission in Iraq successfully. The Report is organized into the following areas: (1) current mission and measures taken to support it; (2) Iraqi progress towards a sustainable political settlement; (3) conditions necessary for a transfer of security responsibility; (4) Iraqi Security Forces capacity and readiness, which contribute to the transfer of security responsibility; (5) criteria used to evaluate progress in that area; and (6) our plan for successfully completing the mission.

As outlined in the National Strategy for Victory in Iraq (NSVI), our strategy is to "help the Iraqi people build a new Iraq with a constitutional, representative government that respects civil rights and has security forces sufficient to maintain domestic order and keep Iraq from becoming a safe haven for terrorists. To achieve this end, the United States is pursuing a comprehensive approach that involves the integrated efforts of the entire United States Government, the Iraqi Government, and coalition governments, and that encourages the active involvement of the United Nations, other international organizations, and supportive regional states." As noted in the NSVI, our approach outlines goals and measures progress along three tracks – political, economic, security. These three tracks move forward simultaneously and successes in each are mutually reinforcing.

Building on the foundation of two prior electoral successes, the January 30, 2005 elections for a Transitional National Assembly (TNA) and the October 15, 2005 constitutional referendum, over 12.2 million Iraqi voters (78 percent of eligible voters) went to the polls again on December 15, 2005 to elect a Council of Representatives (CoR), the first step in the formation of a government under Iraq's new constitution. Iraqis braved threats and intimidation to exercise their right to vote to determine their government, despite a climate of violence in which terrorists and insurgents sought to undermine Iraq's economy, security, and political process.

The Independent Electoral Commission of Iraq (IECI) certified final election results February 10, 2006. With the announcement of final,

certified results, political parties and leaders entered negotiations to form the executive branch of a new Iraqi government. The U.S. remained actively and constantly engaged in supporting the desire of Iraqis for the speedy formation of an inclusive, national unity government that serves the interests of all Iraqis.

Progress on government formation continued despite an upsurge in sectarian violence that stemmed from the February 22, 2006 bombing of the Golden Mosque in Samarra. Those who attacked the Golden Mosque sought to exploit divisions among the Iraqi public and the political leadership to start a civil war. Iraqi government and religious leaders alike, in a demonstration of national unity, condemned the attacks and called for an end to sectarian unrest, and for security forces free from sectarian and militia loyalties. They also reaffirmed their commitment to the political process. The U.S. and international community joined Iraq in denouncing the attacks and underscored the importance of national unity and defying the terrorists and extremists who seek to provoke such conflict.

Despite concerted efforts by terrorists and insurgents to derail assistance efforts, there was measurable progress along the economic track. Iraq's economy grew from \$18.9 billion in 2002 to \$33.1 billion in 2005. The International Monetary Fund (IMF) estimates that the real gross domestic product (GDP) grew by 2.6 percent in 2005, and expects real GDP to grow by 10.4 percent in 2006. While the Iraqi economy continued to be overwhelmingly dependent on oil exports, which accounted for approximately two-thirds of GDP and over 95 percent of government revenue in 2005, other sectors began to pick up activity, including the services and trade sectors. International economic assistance came primarily from the United States¹, but also from other international partners, who pledged \$13.5 billion in economic aid. This international aid has been critical to helping boost overall Iraqi economic growth and rehabilitate its infrastructure, which in 2003 (i.e., before the insurgency and before the international community had a better understanding of the true dilapidated state of Iraq's infrastructure) the World Bank estimated would cost about \$55 billion. U.S. assistance efforts will continue to transition from a primary

¹ To date, Congress has appropriated \$20.9 billion for relief and reconstruction programs in Iraq through IRRF 1 and IRRF 2. In addition, Congress has appropriated \$1.3 billion for the Commanders Emergency Response Program (CERP), \$710 million for training and equipment, and \$5.4 billion for the Iraqi Security Forces Fund (ISFF). The President has also recently requested \$5.6 billion in his FY 2006 supplemental request and \$771 million in the FY 2007 budget request for additional programs to support Iraq's development, transition to self-reliance, and security forces.

focus on reconstruction projects to stabilizing areas of conflict, accelerating economic growth, and building Iraq's capacity to manage its own affairs. Ongoing U.S. assistance projects will help Iraq enact the economic reforms it needs to sustain long-term growth, including the commitments under its IMF Stand-By-Arrangement, and the reforms needed to join the World Trade Organization.

Developing effective national and provincial governance in Iraq is a key component of Iraqi self-reliance and defeating the insurgency. The new Constitution devolves more responsibility to the governorates (provinces): Provincial Reconstruction Teams (PRTs) provide a crucial link between national and provincial capacity-development efforts. PRTs are designed to provide training and development efforts at the national level, complement them at the provincial level, and provide a link between provincial-level and national level efforts. Four PRTs are currently operational, including Kirkuk, Mosul, Babil and the recently launched Baghdad PRT. Additional PRTs may be put in place; as many as eight would be U.S.-led, with the others led by coalition partners or Iraqis. The UK and Italy agreed to lead PRTs in Basrah and Dhi Qar, respectively. These Coalition-led PRTs would follow a functional structure similar to those led by the U.S. Other coalition partners expressed an interest in leading or participating in PRTs in other provinces.

The UNSC-endorsed Multi-National Force-Iraq (MNF-I) leads the efforts on the security track. The military mission in Iraq is essential to the realization of the President's integrated goal of an Iraq that is peaceful, unified, stable, democratic, and secure. The Multi-National Security Transition Command-Iraq (MNSTC-I) continues to train, develop, and contribute to the readiness of Iraqi Security Forces (ISF), to include forces in the Ministries of Defense and Interior. Iraq is making steady progress in meeting the President's short-term and medium-term security goals: fighting terrorists and neutralizing the insurgency, standing up robust forces loyal to the legitimate Iraqi government, and having Iraqi forces assume increasing security responsibilities and control over battle space.

While MNSTC-I is making progress training and equipping the ISF, and the ISF are assuming increased security responsibilities, there is no deterministic relationship between increasing numbers of trained and equipped Iraqi forces or increasing control of battle space by Iraqi units and any associated drawdown of U.S. forces. Success in Iraq is a U.S. vital

interest and supporting both the building of ISF and fostering a secure environment must continue in order to achieve our strategic objectives. The appropriate level of U.S. forces in Iraq will continue to be based on existing political, economic, and regional conditions and the security environment.

Efforts in the political, economic, and security tracks are part of an integrated strategy by which the U.S. government, together with the international community, is helping Iraq build a new nation with a constitutional, representative government that respects human rights and has security forces sufficient to maintain domestic order and keep Iraq from becoming a safe haven for terrorists.

I. The current military mission and the diplomatic, political, economic, and military measures that are being or have been undertaken to successfully complete or support that mission:

In fulfillment of its mandate under United Nations Security Council Resolution (UNSCR) 1546 and extended by UNSCR 1637, MNF-I, in partnership with the Iraqi government, conducts full-spectrum counterinsurgency operations to isolate and neutralize the enemy. MNF-I also organizes, trains, and equips Iraqi Security Forces (ISF) in order to create and maintain a security environment that permits Iraq's political and economic development.

(A) Efforts to convince Iraq's main communities to make the compromises necessary for a broad-based and sustainable political settlement;

The United States continued to engage with Iraqi political, religious and civil society leaders to encourage the formation of a government of national unity that will yield a sustainable national compact for governance. The National Strategy for Victory in Iraq (NSVI) promotes a national compact as a means to divide terrorists opposed to the political process from insurgents willing to stop fighting and participate in Iraq's political process; to engage and expand opportunities for all Iraqis to participate in the political process; and to build effective and stable national institutions that will facilitate Iraq's full integration into the international community. As this Report explains in more detail below (Section II) these efforts have been part of a consistent strategy to expand political participation and build consensus on issues that have long divided Iraqi communities. Expanding

political space for all groups to participate, and encouraging Sunni participation in a new democratic process has been a long-term effort, and it has made available the opportunity for the creation of a unity government that fairly represents all Iraqis.

Efforts over the past year focused on empowering the transitional government, ensuring the ratification of a democratic constitution, and creating the conditions for large voter turnout across Iraq when elections were held under that constitution. These efforts included active and direct engagement from the highest levels of the United States Government. They also included focused military operations to create the security environment that is necessary for political expression. The result is a political process that now includes all of Iraq's major communities for the first time.

The Iraqi constitution, which passed by more than 80 percent of approximately 11 million voters, was another historic achievement that is now guiding government formation talks. Though some commentators noted that constitution was not passed with broad support of Iraq's Sunni community, those commentators failed to understand the structure of the document and the space it provided for all groups to work together. The government formation process, for example, requires a two-thirds supermajority in the Council of Representatives for appointment of key posts. This means that all electoral lists must work together, negotiate, and compromise to get a constitutional outcome. Such a requirement has established the structure through which Iraqis are now working to form a unity government. Though the Iraqis themselves produced this key provision, the United States throughout last summer and fall helped facilitate agreement on it and other key provisions – whether on religion, oil allocation, or federalism.²

Iraq is now in the midst of government formation negotiations, facilitated by the United States in an active and sustained manner. The Iraqis must follow their constitutional requirements and stand up a government as soon as possible. The United States has made this clear in all appropriate channels. In the past six weeks alone, for example:

² The United States also helped facilitate an amendment package by which Iraq's newly elected parliament can revisit certain provisions over the course of 2006. This secured endorsement of the constitution by Iraq's largest Sunni party, the Iraqi Islamic Party. The U.S. intends to work closely with the Iraqis in the coming months, whether through constitutional review or through the vital pieces of legislation that must be enacted to implement the constitution to build an enduring national compact.

- The United States worked intensively with Iraqi national political and religious figures to secure forward progress on a national government program and a national unity government. Broad agreement on a unity government program will be instrumental to any sustainable political settlement.
- Beginning immediately after the final confirmation of vote results, Embassy Baghdad hosted Iraqi leaders to focus immediate attention on the formation of a unity government, including promoting the selection of candidates who will be able to build consensus and possess the professional competence to be effective leaders who govern from the center and not from ideological extremes.
- On February 20, Embassy Baghdad delivered a message to Iraq's political leadership, emphasizing the importance of an inclusive government with ministries that are not controlled by sectarian interests.
- Embassy Baghdad repeatedly stated that key ministries must be in the hands of those who would unify Iraq and not seek to divide it based on sectarian agendas and that discussions of government formation should not be focused on the distribution of posts, equities, and the entitlements of individuals.
- Following the February 22 Golden Mosque bombing, Embassy Baghdad immediately reached out to Iraqi political leaders, calling for them to join together in unity and turn away from sectarian violence.
- The President also called Iraqi leaders from all major political parties to express support for a unity government and thank them for their leadership. Ambassador Khalilzad spearheaded a meeting of all major political leaders February 25 that condemned the sectarian violence.
- Iraqi political and religious leaders responded in a demonstration of unity and a public commitment to move forward with progress on reaching consensus.
- Secretary of State Rice and UK Foreign Secretary Straw traveled to Baghdad on April 2 to meet with Iraqi officials and urge consensus among Iraq's political leaders on the prompt formation of a unity government.

These efforts are continuous and ongoing. We expect to see rapid and substantial results in the government formation process in the near future.

(B) Engaging the international community and the region in efforts to stabilize Iraq and to forge a broad-based and sustainable political settlement;

The United States is committed to working with the Iraqi government to engage Iraq's neighbors and the international community on the future of Iraq and the stability of the region. A sustained dialogue with key international partners is essential to help Iraqis forge a broad-based and sustainable government.

The involvement of the international community remained steady, and the U.S. promoted the normalization of diplomatic relations between Iraq and its regional neighbors, as well as with the larger international community. Along with the EU, the United States helped organize the June 2005 Brussels Conference, attended by nearly 80 countries and international organizations, which helped establish a new spirit of international partnership with Iraq. In an effort to engage more Arab support for Iraq, the Secretary of State's Special Coordinator for Iraq initiated intensive consultations with key Arab states. The Secretary of State, the U.S. Ambassador to Iraq, and other senior officials have also encouraged Arab support for Iraq. The U.S. built on and supported initiatives such as those by the Arab League, which sponsored a preparatory meeting in November 2005 for a national accord conference later this year in Iraq. The Arab League meeting resulted in a call for all Arab states to cancel or reduce debt owed to them by Iraq, increase assistance, and enhance their diplomatic presence in Iraq.

In addition to the 35 nations who contribute to stability and security operations in Iraq, which include the U.S., MNF-I members, and NATO, the larger international community continued in a spirit of partnership, both in the political and economic arenas, to support Iraqi government institutions and the Iraqi economy. The U.S. helped to identify expanding and changing roles for international partners, such as securing or encouraging commitments by the United Kingdom, Italy, and others international partners in the PRT effort. The U.S. also raised awareness of the need for the international community to call publicly for an end to violence, support the political process, disburse pledged assistance, provide debt relief, and make additional contributions to Iraq's economic reconstruction and development.

The United Nations Assistance Mission to Iraq (UNAMI) remained integrally involved in Iraq and provided technical assistance to the electoral processes and constitutional development, as well as other areas including humanitarian assistance and donor coordination. The U.S. remained engaged in discussions with the United Nations, urging continued support for the political process and an enhanced presence supporting expanded activities in Iraq. The U.S. also continued to encourage an expanded World Bank presence in Iraq.

(C) Strengthening the capacity of Iraq's government ministries;

Under the Iraq Relief and Reconstruction Fund (IRRF) I and II, the U.S. has funded advisory support and projects providing Iraqis with training and technical assistance to improve their capacity in accomplishing core government functions. The ongoing work of the Iraq Reconstruction Management Office (IRMO) senior consultants across all sectors is a critical facet of the reconstruction effort, as are continuing and ongoing USAID programs. Senior consultants provide strategic guidance for institutional capacity building within ministries in addition to overseeing and coordinating the implementation of IRRF-funded projects in conjunction with specific ministries and staff. These projects and programs include: assisting the Ministry of Finance in preparing and implementing banking and financial reforms; helping the Ministry of Trade in preparing documents necessary to be considered for accession into the World Trade Organization (WTO) and establishing an investment promotion agency; assisting the Ministry of Labor and Social Affairs in developing a social safety net and viable pension system; providing assistance to the Ministry of Agriculture in the development of a national water strategy, and implementing pilot programs in wheat and animal husbandry; improving the institutional capacity of the Ministry of Health to provide care and fight disease; and developing an Education Management Information System for the Ministry of Education to improve management of human and physical resources. The U.S., through work done by USAID and the Project and Contracting Office (PCO) also dedicated significant resources to rehabilitating and building new infrastructure, while working alongside the staff at the Ministries of Electricity, Public Works and Water, Water Resources, and Oil in improving the ability of their national, regional, and local staff to operate and maintain USG-funded facilities, systems, and equipment on a sustainable basis.

While all of these activities improved the capacity at various levels of Iraqi ministries to manage their own portfolios, it became increasingly apparent that the U.S. needed to provide more resources through a broader program directly focused on improving the capacity of key ministries to carry out core functions, such as strategic planning, budgeting, managing a personnel system, and training.

To address that need, the U.S. designed a National Capacity Development Program (NCDP), which will help the new Government of Iraq strengthen the core functions necessary for the efficient administration of its key national ministries (i.e., Finance, Electricity, Oil, Municipalities and Public Works, Water Resources, Planning, Justice and Agriculture), the Prime Minister's Office, Inspectors General of the participating ministries, and anti-corruption organizations such as the Commission on Public Integrity (CPI) and the Board of Supreme Audit (BSA). The list of key ministries and institutions covered by the NCDP will be finalized after consultation with the new Iraqi government, once formed, and may expand or contract, contingent upon the availability of USG funding and the interest of other donors in helping to provide some assistance as well.

The State Department notified Congress in December 2005 of its intent to reallocate \$25 million to a new project code under the IRRF to begin this program. In the President's FY 2006 supplemental request, the Administration requested an additional \$125 million in Economic Support Funds (ESF) for ministerial capacity building. The Supplemental also includes a \$13 million request for Treasury Department technical assistance specific to the Iraqi Ministry of Finance and the Central Bank of Iraq. The President's FY 2007 budget request also includes \$25 million for these capacity building programs through FY 2007.

The United States continues to work with other donors to coordinate efforts with Iraq. Donors such as the European Commission and development institutions such as the World Bank have expressed interest in supporting similar initiatives with related ministries.

(D) Accelerating the delivery of basic services;

Reconstruction has faced security challenges on the ground, which have driven up the cost of doing business, both in terms of financial costs and human resources. Despite this and other unanticipated challenges, we have been successful in rehabilitating water and sewage services and immunizing children against childhood diseases. Work in the oil and electricity sectors, however, has been challenged by several ongoing factors: (1) Decades of Saddam's mismanagement, corruption, decay and wars took their toll, and led to dilapidated and insufficient infrastructure and poor maintenance practices that continue to hamper output; (2) targeted attacks on Iraq's infrastructure by terrorists who seek to undermine the Iraqi government and call into question its ability to provide essential services for the Iraqi people; and (3) in the case of electricity and fuel, dramatic increases in demand, driven by the liberalization of border trade and increased salaries of Iraqis but unchecked by the implementation of rational, market-based pricing. U.S. assistance programs helped to build or refurbish the basic infrastructure that will enable Iraqis to significantly expand the delivery of basic services. In addition to ongoing projects, this expansion will be further enhanced by improvements in Iraqi capacity, subsidy, and pricing reforms and a decrease in infrastructure attacks.

Under the IRRF, the U.S. programmed \$4.2 billion for electricity, \$2.1 billion for water, \$1.7 billion for oil, \$739 million for health services and \$99 million for education. The initial focus of these activities was to restore large plants neglected by the former regime, with the expectation that rehabilitating existing water and electricity plants and/or building new plants would create an initial injection and a stable base for Iraq's economic growth for years to come. Most of these projects are well underway, and almost all of the large infrastructure projects are expected to be completed by the end of calendar year 2006. These projects are already having a significant impact on the lives of average Iraqis. IRRF projects have added, rehabilitated or maintained more than 2,700 megawatts (MW) of electricity generation capacity on the grid, increasing feasible generation capacity by 30 percent; improved access to fresh water, benefiting 3.1 million Iraqis; and improved access to sewage, benefiting 5.1 million Iraqis. Approximately 32 percent of Iraq's 14,121 school buildings were rehabilitated or refurbished, 36,000 teachers have been trained, and 8.7 million new textbooks were provided to Iraqi school children. It is also estimated that nearly all Iraqi children have been inoculated against crippling diseases such as polio and

measles, and hundreds of health clinics throughout Iraq have been rehabilitated.

While these achievements are impressive when viewed in the current context, initial hopes and projections were higher, but the security environment, insurgent and terrorist attacks against critical infrastructure components and on-going projects have reduced the impact of IRRF projects on improving basic service delivery.

The process of IRRF close-out has begun, and almost all IRRF infrastructure projects will be completed by the end of 2006. More than \$16.3 billion of the total \$18.4 billion of IRRF II has already been obligated, in addition to all of the \$2.5 billion in IRRF I. For remaining funds, the administration is focusing on programs to improve Iraqi capacity to carry out core government functions, based on lessons learned to ensure maximum effectiveness of the remaining funding. In particular, greater emphasis is being placed on projects that:

- are issued under fixed cost contracts, as opposed to the design/build contracts;
- use direct contracting with Iraqi ministries and Iraqi firms;
- focus on delivery of the services to end users and Iraqi citizens;
- are smaller and provide more immediate and visible impacts;
- increase resiliency and redundancy of infrastructure to enhance its integrity;
- recognize the importance of operation and maintenance; and
- build Iraqi capacity.

Involvement of large multi-national firms has been reduced and more work directed to Iraqi firms that have proven to be successful contractors. A "cost-to-complete" system was instituted to ensure sufficient funds are available to complete projects in the future. The program is continually adapted based on experience and the dynamic Iraq environment to ensure responsible and effective use of the limited resources to achieve lasting and tangible results.

In keeping with that concept, the United States continues to work with Iraq to improve its ability to sustain critical infrastructure. The USG allocated \$180 million of IRRF to support these efforts in specific sectors

(\$110 million in the water sector, \$61 million in the electricity sector, and \$9 million in the combined areas of communications/transportation/health) to help Iraq sustain its infrastructure. An initial \$121 million had previously been allocated to the electricity sector to support sustainable operations for generation facilities, which increased funding for sustainment of projects in the electricity sector total to \$182 million. In addition, USAID is completing a \$25 million program to improve operations and maintenance in 12 water and sewage treatment plants. These programs are expected to have a significant impact on the long-term viability of existing infrastructure and in keeping these Iraqi plants online, thereby improving the levels of service offered to average Iraqis. The Administration requested \$355 million in the FY 2006 supplemental and \$154 million in the FY 2007 budget request to continue both sustainment and capacity development efforts at the plant-level, providing a more comprehensive program to help Iraq maintain its essential service infrastructure for years to come.

(E) Securing the delivery of pledged economic assistance from the international community and additional pledges of assistance;

The United States is working very closely with Iraq and international donors to maximize international reconstruction assistance. At the October 2003 Madrid International Donors' Conference, donors other than the United States pledged over \$13.5 billion in assistance. This includes \$8 billion in assistance from foreign governments and up to \$5.5 billion in lending from the World Bank and International Monetary Fund (IMF) to be disbursed over four years (2004-2007).

As of April 2006, over \$3.5 billion of the pledges of non-U.S. assistance has been disbursed. Approximately \$2.7 billion of this was from other governments either in bilateral projects or through the World Bank and the UN-administered International Reconstruction Fund Facility for Iraq (IRFFI), and the remainder was from multilateral institutions. Donor government "disbursements" are defined here as the funds having left donor government treasuries. Because, however, much of the assistance is being channeled for implementation through the IRFFI trust funds, contractors, NGOs, international organizations, and Iraqi institutions, there is normally a lag time between disbursement by the donor and impact on the ground in Iraq. In addition, the security situation inside Iraq contributed to delays and reduced donor presence on the ground. There are currently 93 IRFFI

projects (83 UN, 10 World Bank) in various stages of completion in the water, electricity, education, health, and other sectors.

In addition, the IMF approved \$436 million in balance-of-payments support through its Emergency Post-Conflict Assistance (EPCA) program in September 2004. It approved a \$685 million precautionary Stand-By Arrangement for Iraq in December 2005.

The Government of Iraq sets the priorities for reconstruction and assistance programs. The United States and other donors work closely with the Iraqi government and with each other to ensure that the projects and programs are not duplicative, and that they are integrated with the Iraqi government's development planning. Since the Madrid conference in 2003, there have been four meetings of the IRFFI Donors' Committee, which have been instrumental in improving donor coordination.

Reduction of Iraq's external debt burden to sustainable levels, another top priority for Iraq's economic development, is a key component of U.S. donor coordination. In November 2004, the Paris Club group of creditors agreed to forgive, in phases, 80 percent of approximately \$40 billion in Iraqi debt held by its members. As of March 2006, 16 of 18 members of the Paris Club have signed bilateral debt agreements with the Iraqis implementing the 2004 agreement. The U.S. itself went beyond Paris Club terms and has forgiven 100 percent of the \$4.1 billion in U.S.-held Iraqi debt. In total, over \$30 billion in Iraqi debt either has been forgiven, or will be, by Paris Club countries, provided Iraq meets agreed-upon conditions (i.e., successful completion of three years under a program with the International Monetary Fund, (IMF)). Some non-Paris Club members also have provided debt relief on Paris Club or better terms. The U.S. continues to encourage all non-Paris Club countries to provide debt reduction to Iraq at terms at least comparable to those offered by the Paris Club. Iraq has also made excellent progress in dealing with its commercial external creditors on Paris Club terms. Of its approximately \$22 billion estimated total commercial debt, creditors accounting for about \$18.4 billion worth have accepted offers at Paris Club-comparable terms, which will result in approximately \$14.7 billion in debt reduction. Efforts to reconcile and achieve Paris Club-comparable debt relief for the remaining amount continue.

The United States, in coordination with the Iraqi government, actively encourages its international partners and allies to make new pledges of

assistance, including debt relief, and, bilateral or multilateral aid, as well as to disburse existing pledges. The U.S. is in regular high-level and working-level contact with current and prospective international donors. Since January, new IRFFI pledges include 200 million Euro (approximately \$240 million) from the European Commission and \$10 million from Germany, \$2.38 million from Spain, and \$0.99 million from New Zealand. On November 29, 2005, the World Bank Board approved the first concessional loan under its "International Development Association" (IDA) program, the first World Bank loan to Iraq in over thirty years. The \$100 million IDA education project, which is part of the \$500 million IDA funds for Iraq approved by the World Bank board in September 2005, will help the Government of Iraq alleviate school overcrowding and lay the groundwork for educational reform. On March 28, Japan announced \$655 million in concessional yen loans for three projects: Umm Qasr Port Rehabilitation; Irrigation Sector Development; and Al-Mussaib Thermal Power Plant Rehabilitation. The loans will be finalized with the new Government of Iraq.

(F) Training Iraqi Security Forces and transferring additional security responsibilities to those forces and the government of Iraq.

Progress in the development of Iraqi Security Forces (ISF) is measured through a variety of indicators that include: the number of trained and equipped ISF personnel; readiness assessments of operational units; and ISF progress in assuming control of battle space, or area of tactical responsibility, within Iraq. MNF-I continues to support and assist the ISF as they move towards the capability for fully independent operations and security self-reliance.

Key measures of training progress include:

- Continued increases in the numbers of individuals trained, equipped, and formed into operational units: As of March 20, U.S. and coalition forces have trained and equipped more than 111,000 soldiers, sailors, and airmen. More than 89,000 police have been trained and equipped. Police work alongside 41,700 other Ministry of Interior forces, such as the National Police (formerly the Special Police). Overall, over 240,000 Ministry of Defense and Ministry of Interior forces have been trained and equipped.

- Continued increases in unit readiness and ability to take the lead in combat operations against the insurgents: As of March 20, 102 Iraqi Army regular and special operations battalions are conducting counter-insurgency operations. Sixty-two of these battalions are able to lead in such operations. There are 27 National Police Force battalions (formerly the Special Police Forces) and one Emergency Response Unit conducting combat operations. Seven of the National Police battalions and the Emergency Response Unit are able to lead such operations.
- Progress in assuming responsibility for their battle space: As of March 20, forty-nine Iraqi Army battalions now control their own battle space. Iraqi units have primary responsibility for 65 percent of Baghdad.

The Secretary of Defense's quarterly report to Congress, "Measuring Security and Stability in Iraq," provides more extensive measure and indicators of the training and performance of ISF and of the security environment more generally.

II. Whether the Iraqis have made the compromises necessary to achieve the broad-based and sustainable political settlement that is essential for defeating the insurgency in Iraq.

The Independent Electoral Commission of Iraq (IECI) certified final results for the December 15, 2005 election February 10, 2006. The final results suggest that Iraqi politics reflect ethnic/sectarian identities – principally Kurdish, Sunni Arab, and Shi'a. The Arab Shi'a-based United Iraqi Alliance (UIA) won 128 seats in the 275-seat assembly, the largest bloc among the contestants. This plurality, however, was not sufficient for the Shi'a Alliance to form a government independently – instead a coalition government will be necessary, drawing from some or all of the other large blocs in the Council of Representatives (CoR), namely the Kurdish Alliance, the Sunni Arab parties, and the non-sectarian Iraqi List electoral coalitions. As an incentive to compromise, the constitution stipulates that the CoR must, by a two-thirds super majority, elect a three-person Presidency Council; which then names the nominee of the CoR bloc with the largest number to form a Cabinet.

While Iraqi leaders from all the major parties declared their intent to establish an inclusive government, furthering understanding and trust

between political groups with the objective of establishing a government of national unity remained a difficult challenge. Recent terrorist activity and a serious rise in sectarian violence impeded these efforts. Notwithstanding these setbacks, Iraqi government and religious leaders, in a demonstration of unity, unanimously condemned the bombing of the Golden Mosque in Samarra and the violence that followed, and called for an end to sectarian strife. Against this highly polarized political landscape, Sunni leaders publicly voiced confidence in re-engaging with their Shi'a and Kurdish counterparts across party lines, continuing a trend of increased Sunni involvement in the political process. Shi'a and Kurdish leaders have consistently and publicly welcomed and encouraged this increased Sunni involvement. The newly elected Council of Representatives (CoR) convened on March 16 for an initial protocol ceremony, and the parties continued working towards a unity government, engaging in intensive, daily negotiations, in which the U.S. Embassy has played a facilitating role.

When assessing U.S. efforts to help the Iraqis facilitate a "sustainable political settlement," it is necessary to look beyond the snapshot of the current situation. A proper analysis requires an examination of political and diplomatic efforts that have been ongoing for almost three years. Beginning with the November 15th Agreement in 2003 and the Transitional Administrative Law, through the recent elections and current political negotiations, U.S. policy has specifically been designed to expand avenues of participation and ensure a broad-based buy-in from all major communities in Iraq. For example, the fundamental reason that the possibility for a "sustainable political settlement" exists is because of the broad-based participation by Sunnis in the December election (resulting for the first time in a large bloc of Sunni parliamentarians from two separate lists). A diverse set of outreach efforts, either carried out or encouraged by the United States throughout 2004 and 2005, helped to advance the political process and led to meaningful engagement by the Sunnis in the political process and an acceptance of their role by Iraq's other communities.

In this regard, the decision to stay with the January 2005 election date despite a widespread Sunni boycott should be understood as a necessary condition of a momentum-building political strategy. Iraqis, with U.S. encouragement, decided that only by meeting benchmarks and moving the process forward would they be able to bring all Iraqi communities into the process. Similarly, the Iraqi decision to stick as close to possible to the constitutional deadline of August 15th was necessary to keep commitments

made to Iraq's other communities, and to encourage the Iraqi Islamic Party – Iraq's largest Sunni party – to offer compromise and put forward negotiable demands. This policy, coupled with active and direct engagement from the highest levels of the United States Government, led to the amendment package agreed to on October 10, shortly before the constitutional referendum. The ability of the Iraqis to establish the institutions of a broadly-based political system shows that their commitment to go forward at each step in the political transition has been responsible for strengthening the prospects for a unity government.

In sum, the opportunity for a true unity government with broad-based buy-in from at least four major electoral lists and all of Iraq's communities is the direct result of these efforts by Iraqi leaders and the United States. This has been an ongoing process, and at every stage Iraqi leaders have had to bargain, negotiate, and compromise. The U.S. will continue to remain actively engaged, not only through the government formation process, but also throughout 2006 to help the new government build a sustainable and enduring national compact. Momentum building events over the next year include, but are not limited to, provincial elections, a constitutional amendment process, and implementing legislation for the constitution's broad outlines in areas such as the judiciary and natural resource management.

III. Any specific conditions included in the April 2005 Multi-National Forces-Iraq campaign action plan (referred to in United States Government Accountability Office October 2005 report on Rebuilding Iraq; DOD Reports Should Link Economic, Governance, and Security Indicators to Conditions for Stabilizing Iraq), and any subsequent updates to that campaign plan, that must be met in order to provide for the transition of additional security responsibility to Iraqi Security Forces.

Since the publication of the October 2005 GAO report, the President published the National Strategy for Victory in Iraq (NSVI). The NSVI provides a broader and more developed set of indicators of progress in Iraq than indicators linked to the narrower issue of conditions in the MNF-I campaign action plan for transition of security responsibilities to Iraqi forces.

Leaders of the Iraqi government, the U.S. government, and U.S. coalition partners in Iraq assess when conditions permit handing over security responsibility from Coalition forces to the ISF. These leaders include the U.S. Ambassador, the U.K. Ambassador, the Iraqi Ministers of Defense and Interior, the Iraqi National Security Advisor, Iraqi provincial governors, and the Commanding General and Deputy Commanding General of MNF-I. Transfers of responsibility are evaluated area-by-area and province-by-province.

Recommendations for transfer include an assessment of achieving specific conditions (in categories similar to those in the MNF-I campaign action plan), such as:

- levels of present and projected insurgent activity;
- readiness and capabilities of ISF;
- readiness and capabilities of relevant government institutions; and
- ability of Coalition forces to reinforce the ISF should this become necessary.

The recommendation to transfer security responsibilities is based on assessments according to the specific situation in any one area or region in the context of the overall security environment. An area does not necessarily need to meet all conditions in each category before transfer is recommended. Each and every transfer will ensure an effective and successful handover of security responsibilities.

Campaign plans support the strategy, and revisions and implementation of theater campaign plans will be consistent with the NSVI. MNF-I and Embassy Baghdad are currently in the process of updating a joint campaign plan.

IV. To the extent that these conditions are not covered under paragraph III, the following should also be addressed:

- (A) The number of battalions of the Iraqi Armed Forces that must be able to operate independently or to take the lead in counterinsurgency operations and the defense of Iraq's territory;**

The Iraqi government, together with the Coalition, has identified a force structure to maintain a security environment in Iraq to provide a basis

for transitioning Iraq to security self-reliance. The end-strength forces structure of the Iraqi Armed Forces is approximately 131,000 personnel, manning one Iraqi Ground Forces Command, 10 divisions and 36 brigade headquarters, 114 Army and special operations battalions, six Air Force squadrons, three Navy squadrons, and 18 combat support, combat service, and support battalions. As of March 20, 111,000 personnel or 85 percent of the authorized end strength has been trained and equipped. With the initial focus on establishing combat units, attention is now shifting toward the logistics backbone needed to facilitate independent operations. One hundred-two Iraqi Army and Special Operations battalions are now conducting counter-insurgency operations with 62 battalions "in the lead." ISF have conducted more independent operations than MNF-I in three of the last five months.

There is no specific threshold for the number of Iraqi Armed Forces battalions that must be judged capable of operating independently before the number of U.S. forces in Iraq can be reduced. Force levels will continue to adapt to the circumstances on the ground and key events, such as the January and December 2005 elections and the October 2005 constitutional referendum. The Secretary of Defense and the Chairman, Joint Chiefs of Staff continue to advise the President on the appropriate level of U.S. forces in Iraq and in the surrounding theater of operations, based on current conditions. These conditions include, but are not limited to, key elements of the MNF-I campaign action plan, such as the increasing leadership of Iraqi Security Forces in counterinsurgency operations and battle space ownership, and progress in the political process. The assessment of the current conditions is derived through consultations with U.S. military commanders in Iraq and takes into account assessments by Embassy Baghdad, the Iraqi government, and U.S. coalition partners.

(B) The number of Iraqi special police units that must be able to operate independently or to take the lead in maintaining law and order and fighting the insurgency;

The Ministry of Interior forces consist of the Iraqi Police Service (IPS), the Iraqi Highway Patrol, National Police (formerly the Special Police, comprising the Police Commandos, Public Order Police, and the Mechanized Police), the Emergency Response Unit, Department of Border Enforcement, and the Center for Dignitary Protection.

The end-strength force structure for all Ministry of Interior forces is 195,000 trained and equipped personnel manning two division headquarters, nine brigade headquarters, twelve Public Order battalions, twelve Commando battalions, three mechanized battalions, and one Emergency Response Unit. The force structure plan is designed to enable a stable civil-security environment in which a prosperous economy and a democratic and representative government that respects and promotes human rights can evolve. As of March 20, 130,700 Ministry of Interior security personnel, or 67 percent of the authorized end strength of 195,000, have been trained and equipped. This includes 89,000 IPS personnel, as described in the next section, and 41,700 other Ministry of Interior forces, such as 27 National Police Force battalions and one Emergency Response Unit conducting operations with ten of these units "in the lead." There is no specific threshold for the number of Iraqi special police units that must be judged capable of operating independently or in the lead before U.S. force levels can be reduced.

The increased capability of Iraqi forces to lead operations was evident in their efforts to prevent violence from escalating after the February 22 bombing of the Golden Mosque. Their performance was a positive indication of their increasing ability to maintain law and order. Following the bombing, the Iraqi National Police responded to an armed demonstration in an area immediately adjacent to Sadr City, where an angry crowd had surrounded the Sunni al-Quds mosque. The Iraqi brigade commander placed his troops, who were 65 percent Shi'a, between the crowd and the mosque, and talked to the crowd using a megaphone, calling for calm and urging them to disperse. The crowd eventually left without incident and the National Police remained in position overnight to guard the mosque until the threat was over. This demonstration of Iraqi leadership helped to defuse a potential confrontation between Sunni and Shi'a and prevented the escalation of violence in the area.

(C) The number of regular police that must be trained and equipped to maintain law and order; and

The end-strength force structure of the IPS is 135,000 trained and equipped personnel. As of March 20, over 89,000 IPS, or 66 percent of the authorized end strength, have been trained and equipped, an increase of over 14,000 since the December 15, 2005 parliamentary election. These IPS

personnel work alongside the 41,700 other Ministry of Interior forces described in the previous section.

The IPS is the primary civilian police organization in Iraq. Their mission is to enforce the law, safeguard the public, and provide internal security at the local level. The IPS is organized into patrol, station, and traffic sections in all major cities and provinces in Iraq and is responsible for providing security in more than 130 districts and at nearly 780 stations throughout Iraq. The scope of their responsibility demonstrates the critical need to ensure the development of professional, capable police forces that utilize modern policing techniques, follow the rule of law, and respect human rights. The Civilian Police Assistance Training Team (CPATT) works closely with the Ministry of Interior to improve the performance and professionalism of these forces. Police Transition Teams mentor and assist the IPS in a role similar to that of the Coalition Military Transition Teams, evaluating their progress and instituting the necessary procedures to continue development of a professional police force.

There is no specific threshold for the number of IPS that must be trained and equipped to maintain law and order and thereby enable U.S. force levels to be reduced.

(D) The ability of Iraq's federal ministries and provincial and local governments to independently sustain, direct, and coordinate Iraq's security forces.

Self-reliant security forces require effective Ministries of Defense and Interior. In addition, Iraq's local and provincial governments, along with the federal government in Baghdad, must also be able to direct and coordinate Iraq's local (police) security forces effectively free from the influence of militias that undermine legitimate authority and pose a threat to public security. This effective control by the Iraqi local, provincial, and federal governments is part of what differentiates the assumption of security responsibility in a given area by the Iraqis from the control of battle space in a given area by Iraqi units.

The Ministries of Defense and Interior continued to experience challenges with critical institutional functions, including administrative processes, programming and budgeting, finance, and sustaining operations in

addition to ensuring that the security ministries and their respective subordinate chains of command are not undermined by militia or criminal influences. The mission to build the ministerial capability required to manage and sustain the operating forces shifted on October 1, 2005, from the Department of State's Iraq Reconstruction Management Office (IRMO) to the Multi-National Security Transition Command-Iraq (MNSTC-I). This realignment under the direction of MNSTC-I ensures that the development of pivotal ministerial functions is synchronized with the development of Iraqi Security Forces.

Iraq's local and provincial governments face significant challenges, a number of which stem from a long-standing history of a consolidated, centralized power structure in Baghdad and limited local authority. These governments continue to develop, while also attempting to perform various functions and deliver services. One of these functions is directing and coordinating Iraq's local security forces, especially Iraq's police forces, in conjunction with the national government as part of the overall system for maintaining civilian control over the ISF. The Coalition continues to increase the capacity of Iraq's local and provincial governments, with PRTs as the most recent initiative to bolster local and provincial governance.

V. The criteria to be used to evaluate progress toward meeting such conditions necessary to provide for the transition of additional security responsibilities to the Iraqi Security Forces.

Political and economic criteria used to evaluate progress toward meeting these conditions include: the formation of an inclusive and representative national government; ministries free from sectarian and militia influence; fully functioning government institutions with transparent practices, general accountability, and operating under general principles of good governance and the rule of law with a commitment to economic reform.

With respect to security, leaders of the Iraqi government, the United States government, and U.S. coalition partners in Iraq, assess when conditions permit handing over security responsibility of specific areas from the MNF-I to the Iraqis. This leadership includes the Iraqi Ministers of Defense and Interior, the Iraqi National Security Advisor, Iraqi provincial governors, the U.S. Ambassador, the U.K. Ambassador, and the Commanding General and Deputy Commanding General of MNF-I.

Transfers of responsibility are evaluated area-by-area and region-by-region and province-by-province.

Recommendations for transfer include an assessment of achieving specific conditions in categories similar to those in the MNF-I campaign action plan. These categories include: levels of present and projected insurgent activity; readiness and capabilities of the ISF; readiness and capabilities of relevant government institutions; and the ability of Coalition forces to reinforce the ISF should this become necessary.

The recommendation to transfer security responsibilities is based on assessments according to specific criteria in an area or region within the context of the overall security environment. An area does not necessarily need to meet all conditions in each category before transfer is recommended. Transfers will ensure an effective and successful handover of security responsibilities; the transition to the ISF and reduced presence of Coalition forces will be visible to the Iraqi people

VI. A plan for meeting such conditions, an assessment of the extent to which such conditions have been met, information regarding variables that could alter that plan, and the reasons for any subsequent changes to that plan.

The Secretary of Defense and the Chairman of the Joint Chiefs of Staff continue to advise the President on the appropriate level of U.S. forces in Iraq and the surrounding theater of operations, based on conditions on the ground. These conditions include, but are not limited to, key elements of the MNF-I campaign action plan, such as the increasing leadership of ISF in counterinsurgency operations and battle space ownership, and progress in the political process. The assessment of those current conditions is arrived at through consultations with U.S. military commanders in Iraq and takes into account assessments by Embassy Baghdad, the Iraqi government and U.S. coalition partners.

Arbitrary deadlines or timetables for the withdrawal of Coalition forces would be irresponsible and deadly, as they would suggest to the enemy that they can simply persevere to win. Lack of a timetable does not imply the Coalition's posture in Iraq is static, rather the Coalition continually adjusts its posture and approaches as conditions evolve and Iraqi capabilities grow.

In addition to the above descriptions of the plan for meeting conditions, please reference National Strategy for Victory in Iraq at www.whitehouse.gov; and Report to Congress, "Measuring Stability and Security in Iraq," February 17, 2006, at <http://www.defenselink.mil/>, pages 55-56.

For additional details on Iraqi Security Forces training, performance, and progress reference February 17, 2006, "Measuring Stability and Security in Iraq," <http://www.defenselink.mil/>, pages 34-54.

For more specific force generation and force requirement information, reference the classified annex to the Report to Congress, "Measuring Stability and Security in Iraq."

For additional information on reconstruction, assistance, and the delivery of essential services, please reference the 2207 Quarterly Report to Congress on The Iraq Relief and Reconstruction Fund (IRRF), <http://www.state.gov/p/nea/rls/rpt/2207>, or for general information on the status of political, economic, and security efforts, the Weekly Status Report, <http://www.state.gov/p/nea/rls/rpt/iraqstatus/2006/c16536.htm>.

Attachment 2

NATIONAL STRATEGY FOR

VICTORY IN IRAQ

NATIONAL SECURITY COUNCIL

NOVEMBER 2005

The following document articulates the broad strategy the President set forth in 2003 and provides an update on our progress as well as the challenges remaining.

"The United States has no intention of determining the precise form of Iraq's new government. That choice belongs to the Iraqi people. Yet, we will ensure that one brutal dictator is not replaced by another. All Iraqis must have a voice in the new government, and all citizens must have their rights protected.

Rebuilding Iraq will require a sustained commitment from many nations, including our own: we will remain in Iraq as long as necessary, and not a day more."

- President George W. Bush, February 26, 2003

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Executive Summary
OUR NATIONAL STRATEGY FOR VICTORY IN IRAQ:
Helping the Iraqi People Defeat the Terrorists and Build an Inclusive Democratic State

➤ Victory in Iraq is Defined in Stages

- **Short term**, Iraq is making steady progress in fighting terrorists, meeting political milestones, building democratic institutions, and standing up security forces.
- **Medium term**, Iraq is in the lead defeating terrorists and providing its own security, with a fully constitutional government in place, and on its way to achieving its economic potential.
- **Longer term**, Iraq is peaceful, united, stable, and secure, well integrated into the international community, and a full partner in the global war on terrorism.

➤ Victory in Iraq is a Vital U.S. Interest

- Iraq is the central front in the global war on terror. Failure in Iraq will embolden terrorists and expand their reach; success in Iraq will deal them a decisive and crippling blow.
- The fate of the greater Middle East – which will have a profound and lasting impact on American security – hangs in the balance.

➤ Failure is Not an Option

- Iraq would become a safe haven from which terrorists could plan attacks against America, American interests abroad, and our allies.
- Middle East reformers would never again fully trust American assurances of support for democracy and human rights in the region – a historic opportunity lost.
- The resultant tribal and sectarian chaos would have major consequences for American security and interests in the region.

➤ The Enemy Is Diffuse and Sophisticated

- The enemy is a combination of rejectionists, Saddamists, and terrorists affiliated with or inspired by Al Qaida. Distinct but integrated strategies are required to defeat each element.
- Each element shares a common short-term objective – to intimidate, terrorize, and tear down – but has separate and incompatible long-term goals.
- Exploiting these differences within the enemy is a key element of our strategy.

➤ Our Strategy for Victory is Clear

- We will help the Iraqi people build a new Iraq with a constitutional, representative government that respects civil rights and has security forces sufficient to maintain domestic order and keep Iraq from becoming a safe haven for terrorists. *To achieve this end, we are pursuing an integrated strategy along three broad tracks*, which together incorporate the efforts of the Iraqi government, the Coalition, cooperative countries in the region, the international community, and the United Nations.
- **The Political Track** involves working to forge a broadly supported national compact for democratic governance by helping the Iraqi government:
 - ✓ **Isolate** enemy elements from those who can be won over to the political process by countering false propaganda and demonstrating to all Iraqis that they have a stake in a democratic Iraq;
 - ✓ **Engage** those outside the political process and invite in those willing to turn away from violence through ever-expanding avenues of participation; and
 - ✓ **Build** stable, pluralistic, and effective national institutions that can protect the interests of all Iraqis, and facilitate Iraq's full integration into the international community.

- **The Security Track** involves carrying out a campaign to defeat the terrorists and neutralize the insurgency, developing Iraqi security forces, and helping the Iraqi government:
 - ✓ **Clear** areas of enemy control by remaining on the offensive, killing and capturing enemy fighters and denying them safe-haven;
 - ✓ **Hold** areas freed from enemy influence by ensuring that they remain under the control of the Iraqi government with an adequate Iraqi security force presence; and
 - ✓ **Build** Iraqi Security Forces and the capacity of local institutions to deliver services, advance the rule of law, and nurture civil society.
- **The Economic Track** involves setting the foundation for a sound and self-sustaining economy by helping the Iraqi government:
 - ✓ **Restore** Iraq's infrastructure to meet increasing demand and the needs of a growing economy;
 - ✓ **Reform** Iraq's economy, which in the past has been shaped by war, dictatorship, and sanctions, so that it can be self-sustaining in the future; and
 - ✓ **Build** the capacity of Iraqi institutions to maintain infrastructure, rejoin the international economic community, and improve the general welfare of all Iraqis.
- **This Strategy is Integrated and its Elements are Mutually Reinforcing**
 - Progress in each of the political, security, and economic tracks reinforces progress in the other tracks.
 - ✓ For instance, as the **political process** has moved forward, terrorists have become more isolated, leading to more intelligence on security threats from Iraqi citizens, which has led to **better security** in previously violent areas, a more stable infrastructure, the prospect of **economic progress**, and expanding **political participation**.
- **Victory Will Take Time**
 - **Our strategy is working:** Much has been accomplished in Iraq, including the removal of Saddam's tyranny, negotiation of an interim constitution, restoration of full sovereignty, holding of free national elections, formation of an elected government, drafting of a permanent constitution, ratification of that constitution, introduction of a sound currency, gradual restoration of neglected infrastructure, the ongoing training and equipping of Iraqi security forces, and the increasing capability of those forces to take on the terrorists and secure their nation.
 - **Yet many challenges remain:** Iraq is overcoming decades of a vicious tyranny, where governmental authority stemmed solely from fear, terror, and brutality.
 - ✓ It is not realistic to expect a fully functioning democracy, able to defeat its enemies and peacefully reconcile generational grievances, to be in place less than three years after Saddam was finally removed from power.
 - Our comprehensive strategy will help Iraqis overcome remaining challenges, but defeating the multi-headed enemy in Iraq – and ensuring that it cannot threaten Iraq's democratic gains once we leave – requires persistent effort across many fronts.
- **Our Victory Strategy Is (and Must Be) Conditions Based**
 - With resolve, victory will be achieved, although not by a date certain.
 - ✓ No war has ever been won on a timetable and neither will this one.
 - But lack of a timetable does not mean our posture in Iraq (both military and civilian) will remain static over time. As conditions change, our posture will change.
 - ✓ We expect, but cannot guarantee, that our force posture will change over the next year, as the political process advances and Iraqi security forces grow and gain experience.
 - ✓ While our military presence may become less visible, it will remain lethal and decisive, able to confront the enemy wherever it may organize.
 - ✓ Our mission in Iraq is to win the war. Our troops will return home when that mission is complete.

OUR NATIONAL STRATEGY FOR VICTORY IN IRAQ:

Helping the Iraqi People Defeat the Terrorists and Build an Inclusive Democratic State

PART I – STRATEGIC OVERVIEW

“Our mission in Iraq is clear. We’re hunting down the terrorists. We’re helping Iraqis build a free nation that is an ally in the war on terror. We’re advancing freedom in the broader Middle East. We are removing a source of violence and instability, and laying the foundation of peace for our children and grandchildren.”

-President George W. Bush, June 28, 2003

VICTORY IN IRAQ DEFINED

As the central front in the global war on terror, success in Iraq is an essential element in the long war against the ideology that breeds international terrorism. Unlike past wars, however, victory in Iraq will not come in the form of an enemy’s surrender, or be signaled by a single particular event – there will be no Battleship Missouri, no Appomattox. The ultimate victory will be achieved in stages, and we expect:

➤ *In the short term:*

- An Iraq that is making steady progress in fighting terrorists and neutralizing the insurgency, meeting political milestones; building democratic institutions; standing up robust security forces to gather intelligence, destroy terrorist networks, and maintain security; and tackling key economic reforms to lay the foundation for a sound economy.

➤ *In the medium term:*

- An Iraq that is in the lead defeating terrorists and insurgents and providing its own security, with a constitutional, elected government in place, providing an inspiring example to reformers in the region, and well on its way to achieving its economic potential.

➤ *In the longer term:*

- An Iraq that has defeated the terrorists and neutralized the insurgency.
- An Iraq that is peaceful, united, stable, democratic, and secure, where Iraqis have the institutions and resources they need to govern themselves justly and provide security for their country.
- An Iraq that is a partner in the global war on terror and the fight against the proliferation of weapons of mass destruction, integrated into the international community, an engine for regional economic growth, and proving the fruits of democratic governance to the region.

VICTORY IN IRAQ IS A VITAL U.S. INTEREST

- The war on terrorism is the defining challenge of our generation, just as the struggle against communism and fascism were challenges of the generations before. As with those earlier struggles, the United States is fully committed to meeting this challenge. We will do everything it takes to win.
- **Prevailing in Iraq will help us win the war on terror.**
 - *The terrorists regard Iraq as the central front in their war against humanity. And we must recognize Iraq as the central front in our war on terror.*
 - Osama Bin Laden has declared that the “third world war...is raging” in Iraq, and it will end there, in “either victory and glory, or misery and humiliation.”
 - Bin Laden’s deputy Ayman al-Zawahiri has declared Iraq to be “the place for the greatest battle,” where he hopes to “expel the Americans” and then spread “the jihad wave to the secular countries neighboring Iraq.”
 - Al Qaida in Iraq, led by Abu Musab al-Zarqawi, has openly declared that “we fight today in Iraq, and tomorrow in the Land of the Two Holy Places, and after there the west.”
 - ✓ *As the terrorists themselves recognize, the outcome in Iraq – success or failure – is critical to the outcome in the broader war on terrorism.*
 - *What happens in Iraq will influence the fate of the Middle East for generations to come, with a profound impact on our own national security.*
 - Ceding ground to terrorists in one of the world’s most strategic regions will threaten the world’s economy and America’s security, growth, and prosperity, for decades to come.
 - An emerging democracy in Iraq will change the regional status quo that for decades has bred alienation and spawned the transnational terrorism that targets us today.
 - The terrorists’ perverse ideology is countered by the advance of freedom and the recognition that all people have the right to live under democracy and the rule of law, free from oppression and fear, with hope and optimism for the future.

THE BENEFITS OF VICTORY IN IRAQ

- Helping the people of Iraq is the morally right thing to do – America does not abandon its friends in the face of adversity. *Helping the people of Iraq, however, is also in our own national interest.*
- If we and our Iraqi partners prevail in Iraq, we will have made America:

- **Safer...**
 - by removing Saddam Hussein, a destabilizing force in a vital region, a ruthless dictator who had a history of pursuing and even using weapons of mass destruction, was a state sponsor of terror, had invaded his neighbors, and who was violently opposed to America;
 - by depriving terrorists of a safe haven from which they could plan and launch attacks against the United States and American interests;
 - by delivering a strategic setback to the terrorists and keeping them on the run;
 - by delivering a decisive blow to the ideology that fuels international terrorism, proving that the power of freedom is stronger than a perverse vision of violence, hatred, and oppression.
- **Stronger...**
 - by demonstrating to our friends and enemies the reliability of U.S. power, the strength of our commitment to our friends, and the tenacity of our resolve against our enemies;
 - by securing a new friend and partner in the fight against terrorism in the heart of the Middle East.
- **More Certain of its Future ...**
 - politically, by bolstering democratic reformers – and the prospects for peaceful, democratic governments – in a region that for decades has been a source of instability and stagnation;
 - economically, by facilitating progressive reform in the region and depriving terrorists control over a hub of the world's economy.

THE CONSEQUENCES OF FAILURE

- If we and our Iraqi partners fail in Iraq, *Iraq will become:*
 - A safe haven for terrorists as Afghanistan once was, only this time in some of the world's most strategic territory, with vast natural resources to exploit and to use to fund future attacks.
 - A country where oppression – and the brutal imposition of inhumane practices, such as those of the Taliban in Afghanistan – is pervasive.
 - A failed state and source of instability for the entire Middle East, with all the attendant risks and incalculable costs for American security and prosperity.
- Furthermore, if we and our Iraqi partners fail in Iraq, *the terrorists will have:*
 - Won a decisive victory over the United States, vindicating their tactics of beheadings, suicide bombings, and ruthless intimidation of civilians, inviting more deadly attacks against Americans and other free people across the globe.
 - Placed the American people in greater danger by destabilizing a vital region, weakening our friends, and clearing the way for terrorist attacks here at home. *The terrorists will be emboldened in their belief that America cannot stand and fight, but will cut and run in the face of adversity.*

- Called into question American credibility and commitment in the region and the world. Our friends and foes alike would doubt our staying power, and this would damage our efforts to counter other security threats and to advance other economic and political interests worldwide.
 - ✓ *Since 1998, Al Qaida has repeatedly cited Vietnam, Beirut, and Somalia, as examples to encourage more attacks against America and our interests overseas.*
- Weakened the growing democratic impulses in the region. Middle East reformers would never again fully trust American assurances of support for democracy and pluralism in the region – *a historic opportunity, central to America's long-term security, forever lost.*

If we retreat from Iraq, the terrorists will pursue us and our allies, expanding the fight to the rest of the region and to our own shores.

OUR ENEMIES AND THEIR GOALS

- The enemy in Iraq is a combination of rejectionists, Saddamists, and terrorists affiliated with or inspired by Al Qaida. These three groups share a common opposition to the elected Iraqi government and to the presence of Coalition forces, but otherwise have separate and to some extent incompatible goals.
 - **Rejectionists** are the largest group. They are largely Sunni Arabs who have not embraced the shift from Saddam Hussein's Iraq to a democratically governed state. Not all Sunni Arabs fall into this category. But those that do are against a new Iraq in which they are no longer the privileged elite. Most of these rejectionists opposed the new constitution, but many in their ranks are recognizing that opting out of the democratic process has hurt their interests.
 - ✓ *We judge that over time many in this group will increasingly support a democratic Iraq provided that the federal government protects minority rights and the legitimate interests of all communities.*
 - **Saddamists and former regime loyalists** harbor dreams of reestablishing a Ba'athist dictatorship and have played a lead role in fomenting wider sentiment against the Iraqi government and the Coalition.
 - ✓ *We judge that few from this group can be won over to support a democratic Iraq, but that this group can be marginalized to the point where it can and will be defeated by Iraqi forces.*
 - **Terrorists affiliated with or inspired by Al Qaida** make up the smallest enemy group but are the most lethal and pose the most immediate threat because (1) they are responsible for the most dramatic atrocities, which kill the most people and function as a recruiting tool for further terrorism and (2) they espouse the extreme goals of Osama Bin Laden – chaos in Iraq which will allow them to establish a base for toppling Iraq's neighbors and launching attacks outside the region and against the U.S. homeland.

✓ *The terrorists have identified Iraq as central to their global aspirations. For that reason, terrorists and extremists from all parts of the Middle East and North Africa have found their way to Iraq and made common cause with indigenous religious extremists and former members of Saddam's regime. **This group cannot be won over and must be defeated – killed or captured – through sustained counterterrorism operations.***

- There are other elements that threaten the democratic process in Iraq, including criminals and Shi'a religious extremists, but we judge that such elements can be handled by Iraqi forces alone and/or assimilated into the political process in the short term.

THE STRATEGY OF OUR ENEMIES

- Despite their competing goals, these disparate enemy elements share a common **operational concept**: Intimidate, coerce, or convince the Iraqi public not to support the transition to democracy by persuading them that the nascent Iraqi government is not competent and will be abandoned by a Coalition that lacks the stomach for this fight.
 - The enemy's strategy, in short, is to *intimidate*, *terrorize*, and *tear down* – a strategy with short-term advantage because it is easier to tear down than to build up. But this strategy is not sustainable in the long term because it is rejected by the overwhelming mass of the Iraqi population.
- **Enemy Lines of Action. *The enemy seeks to ...***
 - Weaken the Coalition's resolve, and our resolve at home, through barbaric mass-casualty attacks, public slaughter of Iraqi civilians and hostages, infliction of casualties on Coalition forces, and use of the media to spread propaganda and intimidate adversaries.
 - Destroy confidence in the Iraqi government by sabotaging key essential service (oil and electricity) nodes and by derailing the political process.
 - Damage trust in Iraqi Security Forces through propaganda, infiltration, and barbaric attacks on the weak and the innocent.
 - Sabotage Iraqi unity through propaganda against the Shi'a majority punctuated with attacks intended to spark sectarian conflict and civil war.
 - Establish safe havens to plan attacks and conduct intimidation campaigns.
 - Expand the fight to neighboring states and beyond.

OUR STRATEGY FOR VICTORY IS CLEAR

- **Our Strategy is Clear:** We will help the Iraqi people build a new Iraq with a constitutional, representative government that respects civil rights and has security forces sufficient to maintain

domestic order and keep Iraq from becoming a safe haven for terrorists. To achieve this end, we are pursuing a comprehensive approach that involves the integrated efforts of the entire United States Government, the Iraqi government, and Coalition governments, and encourages the active involvement of the United Nations, other international organizations, and supportive regional states.

- Our strategy involves **three integrated tracks** – political, security, and economic – each with separate objectives, but together helping Iraqis to defeat the terrorists, Saddamists, and rejectionists, and secure a new democratic state in Iraq.

The Political Track
(Isolate, Engage, Build)

- **Objective:** To help the Iraqi people forge a broadly supported national compact for democratic government, thereby isolating enemy elements from the broader public.
- To achieve this objective, we are helping the Iraqi government:
 - ✓ ***Isolate*** hardened enemy elements from those who can be won over to a peaceful political process by countering false propaganda and demonstrating to the Iraqi people that they have a stake in a viable, democratic Iraq.
 - ✓ ***Engage*** those outside the political process and invite in those willing to turn away from violence through ever-expanding avenues of peaceful participation.
 - ✓ ***Build*** stable, pluralistic, and effective national institutions that can protect the interests of all Iraqis, and facilitate Iraq's full integration into the international community.

The Security Track
(Clear, Hold, Build)

- **Objective:** To develop the Iraqis' capacity to secure their country while carrying out a campaign to defeat the terrorists and neutralize the insurgency.
- To achieve this objective, we are helping the Iraqi government:
 - ✓ ***Clear*** areas of enemy control by remaining on the offensive, killing and capturing enemy fighters and denying them safe-haven.
 - ✓ ***Hold*** areas freed from enemy control by ensuring that they remain under the control of a peaceful Iraqi government with an adequate Iraqi security force presence.
 - ✓ ***Build*** Iraqi Security Forces and the capacity of local institutions to deliver services, advance the rule of law, and nurture civil society.

The Economic Track
(Restore, Reform, Build)

- **Objective:** To assist the Iraqi government in establishing the foundations for a sound economy with the capacity to deliver essential services.
- To achieve this objective, we are helping the Iraqi government:
 - ✓ **Restore** Iraq's neglected infrastructure so it can meet increasing demand and the needs of a growing economy.
 - ✓ **Reform** Iraq's economy, which has been shaped by war, dictatorship, and sanctions, so that it can be self-sustaining in the future.
 - ✓ **Build** the capacity of Iraqi institutions to maintain infrastructure, rejoin the international economic community, and improve the general welfare of all Iraqis.

**THIS STRATEGY IS INTEGRATED, AND ITS ELEMENTS ARE
MUTUALLY REINFORCING**

- Progress along one of the political, security, and economic tracks *reinforces progress along the other tracks*. For example:
 - As the *political process* has moved forward, terrorists have become more isolated, leading to more intelligence on their leadership and hideouts from Iraqi citizens, which has led to *better security* in previously violent areas, a more stable infrastructure, the prospect of *economic progress*, and expanding *political participation*.
 - As *security operations* in Fallujah, Mosul, Tal Afar, and elsewhere have killed or led to the capture of high-level terrorists and insurgents, residents in those areas have come forward to participate in the *political process*, registering and turning out to vote in vast numbers, and providing local residents a meaningful voice in the new Iraq.
 - As *economic activities* have progressed, ordinary citizens have returned to normal life and developed a stake in a peaceful Iraq and thus become motivated to support the *political process* and cooperate with *security forces*,
- Part II of this paper will discuss the three tracks – political, security, and economic – in more detail, so Americans can better understand the elements of our vital mission, the nature of our strategy, why we believe this strategy will succeed, the progress we are making, and how our government is organized to help Iraqis ensure lasting victory in Iraq.

VICTORY WILL TAKE TIME

➤ **Our Strategy Is Working.** Much has been accomplished in Iraq, including the removal of Saddam's tyranny, negotiation of an interim constitution, restoration of full sovereignty, holding of free national elections, formation of an elected government, drafting of a permanent constitution, ratification of that constitution, introduction of a sound currency, gradual restoration of Iraq's neglected infrastructure, and the ongoing training and equipping of Iraq's security forces.

• **Yet many challenges remain:**

- Iraq is overcoming decades of a vicious tyranny, under which governmental authority stemmed solely from fear, terror, and brutality. Saddam Hussein devastated Iraq, wrecked its economy, ruined its infrastructure, and destroyed its human capital. It is not realistic to expect a fully functioning democracy, able to defeat its enemies and peacefully reconcile generational grievances, to be in place less than three years after Saddam was finally removed from power.
- We and the Iraqi people are fighting a ruthless enemy, which is multi-headed, with competing ambitions and differing networks. Getting an accurate picture of this enemy, understanding its makeup and weaknesses, and defeating it, requires patience, persistence, and determined effort along all three strategic tracks.
- Terrorism and insurgencies historically take many years to defeat, through a combination of political, economic, and military tools. Iraq's violence is different from other such conflicts, where insurgents often had unified command and control or mounted a successful campaign to win the hearts and minds of the population. Nonetheless, Iraq is likely to struggle with some level of violence for many years to come.
- The neighborhood is inhospitable. Iran and Syria have failed to provide support to Iraq's new government and have in many ways actively undermined it. The region, while including some cooperative actors, has only recently mobilized to support the emergence of a democratic and stable Iraq.
- The Sunni community is still searching for strong, reliable leadership. Although many Sunnis also suffered under Saddam, leaders from their community generally associated with the Ba'ath Party, not the opposition to the regime. The Sunni religious community, moreover, is less hierarchical and more dispersed, which is reflected in Sunni politics. As a result of these realities, few Sunni leaders have spoken for the larger Sunni community in Iraq. Elections in December will produce elected Sunni leaders who can represent their community with legitimate authority.
- Many Sunnis are also coming to terms with the reality that their community no longer monopolizes power in Iraq. They are grappling with their role in a democratic country in which they are a minority, albeit with constitutional protections for minority rights and interests.

- Many of Iraq's communities remain skeptical of the central government and nervous about the creation of an Iraqi state where power is concentrated in Baghdad. Their allegiance to a united Iraqi government will depend upon the central government demonstrating the will and capability to govern effectively and fairly on behalf of all Iraqis.
- Earlier efforts to correct past wrongs have sometimes alienated Sunnis who were not complicit with Saddam's crimes. Iraq's leaders need to find a middle ground – between pursuing justice for every past wrong and leaving the past unexamined.
- With democratization has come the emergence of new groups, not all of whom have shared the goal of a free, pluralistic, and democratic Iraq. Some groups – like members of the Mahdi Militia – have sought to maximize discontent with the Coalition presence and have at times clashed violently with other parties.
- The continued existence and influence of militias and armed groups, often affiliated with political parties, hamper the rule of law in some parts of Iraq. These groups have also infiltrated the police forces and sparked violent exchanges in areas of the country that are otherwise peaceful.
- Iraq's economy is still shackled with many vestiges of a highly centralized economy and stagnant and corrupt institutions. Creating new institutions, reforming old ones, and developing new policies will be necessary to encourage economic growth. The prosperity of average Iraqis will be enhanced only if Iraq reduces the massive subsidy programs that burden its economy.

WHY OUR STRATEGY IS (AND MUST BE) CONDITIONS-BASED

- Success in the short, medium, and long run will depend on progress in overcoming these challenges and on the *conditions on the ground in Iraq*. Our strategy – along the political, security, and economic tracks – is establishing the conditions for victory. These conditions include:
 - Progress in the Iraqi political process and the increasing willingness of Iraqis to forge political compromises;
 - Consolidation of gains in the training of Iraqi Security Forces (ISF);
 - Commitment to and implementation of economic reforms by Iraqi leaders;
 - Increased cooperation of Iraq's neighbors;
 - Expanded support from the international community;
 - Continued support of the American people.

- Although we are confident of victory in Iraq, ***we will not put a date certain on when each stage of success will be reached*** – because the timing of success depends upon meeting certain conditions, not arbitrary timetables.
 - Arbitrary deadlines or timetables for withdrawal of Coalition forces – divorced from conditions on the ground – would be **irresponsible and deadly**, as they would suggest to the terrorists, Saddamists, and rejectionists that they can simply wait to win.
 - **No war has ever been won on a timetable – and neither will this one.**
- Lack of a timetable, however, does not mean that the Coalition's posture in Iraq (both military and political) is static. On the contrary, ***we continually adjust our posture and approaches as conditions evolve and Iraqi capabilities grow.***
 - Coalition troop levels, for example, will **increase** where necessary to defeat the enemy or provide additional security for key events like the referendum and elections. But troop levels will **decrease** over time, as Iraqis continue to take on more of the security and civilian responsibilities themselves.
 - We expect, but cannot guarantee, that our force posture will change over the next year, as the political process consolidates and as Iraqi Security Forces grow and gain experience.
 - ✓ As Iraqis take on more responsibility for security, Coalition forces will increasingly move to supporting roles in most areas. The mission of our forces will change – from conducting operations and keeping the peace, to more specialized operations targeted at the most vicious terrorists and leadership networks.
 - ✓ As security conditions improve and as Iraqi Security Forces become increasingly capable of securing their own country, our forces will increasingly move out of the cities, reduce the number of bases from which we operate, and conduct fewer patrols and convoy missions.
 - ✓ While our military presence may become less visible, it will remain lethal and decisive, able to confront the enemy wherever it may gather and organize.
 - As our posture changes over time, so too will the posture of our Coalition partners. We and the Iraqis must work with them to coordinate our efforts, helping Iraq to consolidate and secure its gains on many different fronts.

OUR STRATEGY TRACKS AND MEASURES PROGRESS

- We track numerous indicators to map the progress of our strategy and change our tactics whenever necessary. Detailed reports – both classified and unclassified – are issued weekly, monthly, and quarterly by relevant agencies and military units.
 - Many of these reports with detailed metrics are released to the public, and are readily

accessible. For example:

- Gains in training Iraqi security forces are updated weekly at www.mnstci.iraq.centcom.mil;
 - Improvements in the economy and infrastructure are collected weekly by the State Department (www.state.gov/p/nea/rls/rpt/iraqstatus/) as well as USAID, which continually updates its many ongoing programs and initiatives in Iraq (www.usaid.gov/iraq);
 - Extensive reports are also made every three months to Congress, and are accessible at the State (www.state.gov/p/nea/rls/rpt/2207/) and Defense (www.defenselink.mil/pubs/) Department websites.
 - ✓ Americans can read and assess these reports to get a better sense of what is being done in Iraq and the progress being made on a daily, weekly, and monthly basis.
- Some of the most important metrics we track are:
 - **Political:** The political benchmarks set forth in U.N. Security Council Resolution 1546 and the Transitional Administrative Law; the number of Iraqis from all areas willing to participate in the political process as evidenced by voter registration and turnout.
 - **Security:** The quantity and quality of Iraqi units; the number of actionable intelligence tips received from Iraqis; the percentage of operations conducted by Iraqis alone or with minor Coalition assistance; the number of car bombs intercepted and defused; offensive operations conducted by Iraqi and Coalition forces; and the number of contacts initiated by Coalition forces, as opposed to the enemy.
 - **Economic:** GDP; per capita GDP; inflation; electricity generated and delivered; barrels of oil produced and exported; and numbers of businesses opened.
 - Other indicators are also important to success, but less subject to precise measurement, such as the extent to which principles of transparency, trust in government institutions, and acceptance of the rule of law are taking hold amongst a population that has never known them.
 - These indicators **have more strategic significance** than the metrics that the terrorists and insurgents want the world to use as a measure of progress or failure: number of bombings.
 - The following pages break down the three tracks of our strategy – political, security, economic – and explain the logic behind them in more detail.

“The only way our enemies can succeed is if we forget the lessons of September the 11th, if we abandon the Iraqi people to men like Zarqawi, and if we yield the future of the Middle East to men like Bin Laden. For the sake of our nation’s security, this will not happen on my watch.”

— President George W. Bush, June 28, 2005

OUR NATIONAL STRATEGY FOR VICTORY IN IRAQ: *Helping the Iraqi People Defeat the Terrorists and Build an Inclusive Democratic State*

PART II – STRATEGY IN DETAIL

“America’s task in Iraq is not only to defeat an enemy, it is to give strength to a friend – a free, representative government that serves its people and fights on their behalf.”

– President George W. Bush, May 24, 2004

THE POLITICAL TRACK IN DETAIL

Strategic Summary: *Isolate, Engage, Build*

- The political track of our strategy is based on **six core assumptions**:
- **First**, like people in all parts of the world, from all cultures and religions, when given the opportunity, the Iraqi people prefer to live in freedom rather than under tyranny.
 - **Second**, a critical mass of Iraqis in all areas of the country will not embrace the perverse vision offered by the terrorists. Most rejectionists can over time be persuaded to no longer seek the privileges of dictatorship – and in exchange will embrace the rewards of democratic stability.
 - **Third**, an enduring democracy is not built through elections alone: critical components include transparent, effective institutions and a national constitutional compact.
 - **Fourth**, federalism is not a precursor to the breakup of Iraq, but instead is a prerequisite for a united country and better governance. Federalism allows a strong central government to exercise the powers of a sovereign state, while enabling regional bodies to make decisions that protect the interests of local populations.
 - **Fifth**, it is in the fundamental interests of all Iraqi communities – and of the region – that Iraq stays a united country. This shared objective creates space for compromise across ethnic and religious divides and for the steady growth of national institutions.
 - **Sixth**, Iraq needs and can receive the support of the region and the international community to solidify its successes.

STRATEGIC LOGIC BEHIND THE POLITICAL TRACK

- Our efforts and those of the Iraqis on the political track are geared toward **isolating** hard-core rejectionists by expanding avenues for political participation at all levels of government, **engaging** the region and all Iraqi communities to demonstrate that there is a place for all

groups in the new Iraq, and **building** national Iraqi institutions and international support to advance the rule of law and offer the Iraqi people a solid framework for a better and more peaceful future.

- How will this help the Iraqis – with Coalition support – defeat the enemy and achieve our larger goals?
 - Progress in the political process – meeting political benchmarks – will provide momentum against the insurgency and indicate to people “on the fence” that the old regime has passed and that the effort to build a new Iraq will succeed.
 - Inclusive institutions that offer power-sharing mechanisms and minority protections will demonstrate to disaffected Sunnis that they have influence and the ability to protect their interests in a democratic Iraq.
 - Commitment to democracy – rather than other forms of governance – not only is consistent with our values, but is essential to keeping the long-oppressed Shi’a and Kurds as our partners in Iraq.
 - Increasingly robust Iraqi political institutions expose the falsity of enemy propaganda that Iraq is “under occupation,” with decisions being made by non-Iraqis. Such institutions also provide peaceful means for reconciliation and bridging divides.
 - Due to the historical, cultural, political, and economic links between Iraq and its neighbors, many surrounding countries can help Iraq secure its borders and encourage Sunni rejectionists to renounce violence and enter the political process.
 - Expanding international support for Iraq will demonstrate to Iraqis and the world that Iraq is a valuable member of the international community and will further broaden the political and economic support provided to Iraq.

PROGRESS ON THE POLITICAL TRACK

- Our **Isolate, Engage, and Build** strategy is working: Iraqis have hit every political benchmark in their transitional political process – and are on track to hit the next one: elections in December to select a four-year government under a democratic constitution, with full participation from all of Iraq’s main ethnic and religious communities.
 - In January, 8.5 million Iraqis defied terrorist threats to vote for Iraq’s first freely elected national government and provincial governments.
 - In April, the elected leaders of Iraq’s national legislature came together to form a diverse cabinet that represented all groups, despite election results that heavily favored the Shi’a and Kurdish communities.
 - In June, the national legislature formally invited non-elected Sunni Arab leaders to join

constitutional negotiations, demonstrating that leaders from all communities understood the importance of a constitution with input from Iraq's major groups.

- In summer/autumn 2005, Iraq's elected national legislature – and the Sunni leaders invited to join the process – drafted a constitution that was a huge step for Iraq and the region. This draft constitution invests the sovereignty of Iraq in the people and their right to vote, protects individual rights and religious freedoms, and puts forward sophisticated institutional arrangements to safeguard minority rights.
 - By the end of September 2005, approximately one million new voters came forward to check their names on Iraq's voting rolls – the vast majority in Sunni areas. In October, nearly 10 million Iraqis from all areas of the country again defied terrorist threats to vote in the constitutional referendum. The constitution was ratified.
 - Interest in the political process is stronger than ever. More than 300 parties and coalitions are registered for the December elections, and even those who opposed the constitution have organized for the December vote.
 - In a strategic shift, Sunnis are turning to the political process to advance their interests. During the constitutional referendum, turnout in Sunni areas was strong. Although many Sunnis voted against the constitution, amendments made days before the referendum in response to Sunni requests will permit further changes after the new government is established. This and other provisions of the constitution that defer important issues to the new assembly will ensure that elected Sunni leaders are able to influence the shape of the Iraqi state.
 - A recent change in the electoral process also provides all Iraqis a place in the new assembly. In the January 2005 election, representation in the assembly was directly related to turnout, which led to the depressed Sunni numbers in the body. Today's electoral system allocates representation by province, which guarantees that even if communities go to the polls in varying strengths, they will all have representation in the new assembly.
 - Signs of a vibrant political life are sprouting. The constitutional drafting committee received more than 500,000 public comments on various provisions. More than 100 newspapers freely discuss political events every day in Iraq. Campaign posters are displayed openly and in increasing number in most of Iraq's major cities.
- As Iraq's political institutions mature, its judicial system has become an independent branch, better able to promote the rule of law:
- Iraq's judiciary is organized by an independent council of judges, as in most civil law countries. Saddam Hussein's system of "secret courts" has been abolished.
 - One year ago, the Central Criminal Court of Iraq had capacity to prosecute fewer than 10 trials and investigative hearings per month. In the first two weeks of September 2005

alone, the Court prosecuted more than 50 multi-defendant trials, and conducted over 100 investigative hearings. The Court is now expanding its reach throughout Iraq with separate branches in local provinces.

- Hundreds of judges have been trained since the fall of Saddam Hussein. These judges are now working and resolving cases under Iraqi law. In 2003, approximately 4,000 felony cases were resolved in Iraqi courts. In 2004, they resolved more than twice that number. This year, Iraqi courts are on track to resolve more than 10,000 felony cases.
- International support for Iraq's political development is also growing:
- The United Nations Security Council has enacted a series of unanimous resolutions that authorize the presence of Coalition forces and anchor the Iraqi political process with international backing. In November, the United Nations Security Council passed resolution 1637, which – at the request of the Iraqi government – unanimously extended authorization for the Coalition forces to operate in Iraq.
 - The United Nations is also playing an important role in Iraq's political transition, and plans to expand its capacity with hundreds of personnel located throughout the country. The Arab League, the European Union, and other important regional actors are all engaged and working to support the Iraqi political process.
 - Iraq is winning wider support from its fellow Arab states as well. In November, the Arab League hosted a meeting in Cairo to promote Iraqi national reconciliation and the political process; Iraqi leaders are being received by Arab heads of state; and many Arab countries publicly supported Iraq's constitutional referendum and called for the broad participation of all Iraqis in Iraq's political process.
 - At the same time, change is coming to the region, with Syrian occupation ended and democracy emerging in Lebanon, and free elections and new leadership in the Palestinian Territories. From Kuwait to Morocco, Jordan, and Egypt, there are stirrings of political pluralism, often for the first time in generations.

CONTINUED CHALLENGES IN THE POLITICAL SPHERE

- Even with this solid progress, we and our Iraqi partners continue to face multiple challenges in the political sphere, including:
- Ensuring that those who join the political process leave behind violence entirely;
 - Building national institutions when past divisions and current suspicions have led many Iraqis to look to regional or sectarian bodies to protect their interests;
 - Nurturing a culture of reconciliation, human rights, and transparency in a society scarred by three decades of arbitrary violence and rampant corruption;

- Building political movements based on issues and platforms, instead of identity;
- Encouraging cooperation across ethnic, religious and tribal divides when many wounds are still fresh and have been exacerbated by recent hardships;
- Convincing all regional states to welcome and actively support the new Iraqi state politically and financially;
- Building ministerial capacity to advance effective government and reduce corruption.

THE SECURITY TRACK IN DETAIL

Strategic Summary: *Clear, Hold, Build*

➤ The security track is based on **six core** assumptions:

- **First**, the terrorists, Saddamists, and rejectionists do not have the manpower or firepower to achieve a military victory over the Coalition and Iraqi Security Forces. They can win only if we surrender.
- **Second**, our own political will is steadfast and will allow America to keep troops in Iraq – to fight terrorists while training and mentoring Iraqi forces – until the mission is done, increasing or decreasing troop levels only as conditions warrant.
- **Third**, progress on the political front will improve the intelligence picture by helping distinguish those who can be won over to support the new Iraqi state from the terrorists and insurgents who must either be killed or captured, detained, and prosecuted.
- **Fourth**, the training, equipping, and mentoring of Iraqi Security Forces will produce an army and police force capable of independently providing security and maintaining public order in Iraq.
- **Fifth**, regional meddling and infiltrations can be contained and/or neutralized.
- **Sixth**, while we can help, assist, and train, Iraqis will ultimately be the ones to eliminate their security threats over the long term.

STRATEGIC LOGIC BEHIND SECURITY TRACK

➤ *We are helping the Iraqi Security Forces and the Iraqi government take territory out of enemy control (**clear**); keep and consolidate the influence of the Iraqi government afterwards (**hold**); and establish new local institutions that advance civil society and the rule of law in areas formerly under enemy influence and control (**build**).*

- Efforts on the security track include offensive operations against the enemy, protection of key communication and infrastructure nodes, post-conflict stabilization operations, and the

training, equipping, and mentoring of Iraqi Security Forces. Coalition transition teams are embedded in all Iraqi Army battalions to provide assistance and guidance when needed.

- The model that works is clear – it is resource intensive, requires commitment and resolve, and involves tools across the civilian and military spectrum, including:
 - The right balance of Coalition and Iraqi forces conducting offensive operations;
 - Preparation for such operations through contact and negotiation between local and federal Iraqi government officials;
 - Adequate Iraqi forces to provide security for the population and guard against future intimidation;
 - Cooperation with and support for local institutions to govern after Coalition forces leave;
 - Prompt disbursement of aid for quick and visible reconstruction;
 - Central government authorities who pay attention to local needs.
- How will this help the Iraqis – with Coalition support – defeat the enemy and achieve our larger goals?
 - Offensive operations disrupt enemy networks and deprive enemy elements of safe havens from which they can rest, train, rearm, and plan attacks against the Coalition, the Iraqi government, and Iraqi civilians.
 - Localized post-conflict operations – providing security, economic assistance, and support to civilian institutions in newly cleared areas – further isolate enemy elements from the rest of the population and give Iraqis space to participate in a peaceful political process.
 - Infrastructure protection helps ensure that the Iraqi government can collect revenues and provide basic services to the people, which is critical to building confidence in the government and weaning support away from insurgents.
 - Putting capable Iraqis forward in the fight increases the overall effectiveness of U.S.-Iraqi operations, as Iraqis are better able to collect intelligence and identify threats in their neighborhoods.
 - As Iraqi forces become more and more capable, our military posture will shift, leaving Coalition forces increasingly focused on specialized counter-terrorism missions to hunt, capture, and kill terrorist leaders and break up their funding and resource networks.

PROGRESS ON THE SECURITY TRACK

➤ Our *clear, hold, and build* strategy is working:

- ***Significant progress has been made in wresting territory from enemy control.*** During much of 2004, major parts of Iraq and important urban centers were no-go areas for Iraqi and Coalition forces. Fallujah, Najaf, and Samara were under enemy control. Today, these cities are under Iraqi government control, and the political process is taking hold. Outside of major urban areas, Iraqi and Coalition forces are clearing out hard core enemy elements, maintaining a security presence, and building local institutions to advance local reconstruction and civil society.
- ***Actionable intelligence is improving.*** Due to greater confidence in the Iraqi state and growing frustration with the terrorists, Saddamists, and rejectionists, Iraqi citizens are providing more intelligence to Iraqis and Coalition forces. In March 2005, Iraqi and Coalition forces received more than 400 intelligence tips from Iraqi citizens; in August, they received 3,300, and in September more than 4,700.
- ***Iraqi forces are growing in number.*** As of November 2005, there were more than 212,000 trained and equipped Iraqi Security Forces, compared with 96,000 in September of last year. In August 2004, there were five Iraqi army battalions in the fight; now more than 120 Iraqi army and police battalions are in the fight. Of these battalions, more than 80 are fighting side-by-side with Coalition forces and more than 40 others are taking the lead in the fight. More battalions are being recruited, trained, and fielded. In July 2004 there were no operational Iraqi brigade or division headquarters; now there are seven division and more than 30 brigade headquarters in the Iraqi army. In June 2004, there were no Iraqi combat support or service support battalions; now there are a half dozen operational battalions supporting fielded Iraqi units.
- ***Iraqi forces are growing in capability.*** In June 2004, no Iraqi Security Force unit controlled territory. The Coalition provided most of the security in Iraq. Today, much of Baghdad province is under the control of Iraqi forces, the cities of Najaf and Karbala are controlled by Iraqi forces, and other Iraqi battalions and brigades control hundreds of square miles of territory in other Iraqi provinces. A year ago, the Iraqi Air Force had no aircraft; today its three operational squadrons provide airlift and reconnaissance support and Iraqi pilots are training on newly arrived helicopters. A year ago during the operation to liberate Fallujah, five Iraqi battalions took part in the fight. For the most part, they fell in behind Coalition forces to help control territory already seized by Coalition units. No Iraqi units controlled their own battle space. In September 2005, during Operation Restoring Rights in Tal Afar, eleven Iraqi battalions participated, controlling their own battle space, and outnumbering Coalition forces for the first time in a major offensive operation. Over the last six months, the number of patrols being conducted independently by Iraqi forces has doubled, bringing the overall percentage to nearly a quarter of all patrols in theater.
- ***Iraqis are committed to building up their security establishment.*** Despite repeated and brutal attacks against Iraqi Security Forces, volunteers continue to outpace an already

substantial demand. In the past several months alone, nearly 5,000 recruits have joined from Sunni areas. In the recently cleared Tal Afar, more than 200 local volunteers have begun police training before returning to help protect their city. In Anbar, Sunnis have lined up to join the Iraqi army and police, planning to return to their home province and help protect it from terrorists.

- ***Iraqis are taking on specialized missions central to overall success.*** Four Strategic Infrastructure Battalions, with more than 3,000 personnel, have completed training and will soon assume the specific mission of guarding vital infrastructure nodes from terrorist attack. A Special Police Unit highly trained for hostage rescue has almost 200 operators and is conducting operations almost every week in Baghdad and Mosul. In the past several months, hundreds of Iraqi soldiers have undergone intensive special operations training and are now in the fight, hunting, killing, and capturing the most-wanted terrorist leaders.
- ***Iraq is building an officer corps that will be loyal to the Iraqi government, not a particular group or tribe.*** The Iraqi army now has three officer academies training the next generation of junior officers for its army. In September, NATO inaugurated a new military staff college in Baghdad that will eventually train more than 1,000 senior Iraqi officers each year. Today, however, the vast majority of Iraqi police and army recruits are being taught by Iraqi instructors. By training the trainers, we are creating an institutional capability that will allow the Iraqi forces to continue to develop and grow long after Coalition forces have left Iraq.

CONTINUED CHALLENGES IN THE SECURITY SPHERE

- Even with this progress, we and our Iraqi partners continue to face multiple challenges in the security sphere, including:
 - Countering the intimidation and brutality of enemies whose tactics are not constrained by law or moral norms;
 - Building representative Iraqi security forces and institutions while guarding against infiltration by elements whose first loyalties are to persons or institutions other than the Iraqi government;
 - Neutralizing the actions of countries like Syria and Iran, which provide comfort and/or support to terrorists and the enemies of democracy in Iraq;
 - Refining our understanding of the constantly changing nature of, and relationships between, terrorist groups, other enemy elements, and their networks;
 - Addressing the militias and armed groups that are outside the formal security sector and central government command;
 - Ensuring that the security ministries – as well as the fighting forces – have the capacity to sustain Iraq's new army;

- Integrating political, economic, and security tools – and synchronizing them with Iraqi government efforts – to provide the best post-conflict operations possible.

“My aim is 100 percent clear: all the terrorists living here, they go now. Saddam . . . it’s finished. He’s broken. Now is the new Iraq.”

-Gen. Muhammad al-Sumraa, Iraq 303rd Battalion,
Haifa Street, Baghdad, August 14, 2005

THE ECONOMIC TRACK IN DETAIL

Strategic Summary: *Restore, Reform, Build*

➤ The economic track is based on **six core assumptions**:

- **First**, Iraq has the potential to be not just viable, but prosperous and self-sustaining.
- **Second**, a free and prosperous Iraq is in the economic interest of everybody, including Iraq’s neighbors and the greater Middle East. A flourishing Iraq can spur economic activity and reform in one of the world’s most vital regions.
- **Third**, increased economic opportunity in Iraq and a growing economy will give larger numbers of Iraqis an economic stake in a peaceful country, and drain the influence of radicals and rejectionists who recruit the unemployed and thrive on resentment.
- **Fourth**, economic change in Iraq will be steady but gradual given a generation of neglect, corrosive misrule, and central planning that stifled entrepreneurship and initiative.
- **Fifth**, Iraq can be a reliable and contributing partner in the international economic community, demonstrating the fruits of good governance and transparency.
- **Sixth**, Iraq will need financial support from the region and international community as its economy transitions from being guided by command principles and hampered by poor infrastructure to a more self-sustaining posture.

STRATEGIC LOGIC BEHIND THE ECONOMIC TRACK

- Our efforts have focused on helping Iraq restore its neglected infrastructure so it can provide essential services to the population while encouraging economic reforms, greater transparency, and accountability in the economic realm. The international community has been instrumental in these efforts, but there is room for the international community to do more. Foreign direct investment, over time, will play an increasing role in fueling Iraq’s economic growth.
- How will these efforts help the Iraqis – with Coalition support – defeat the enemy and achieve our larger goals?

- The rebuilding of Iraq's infrastructure and the provision of essential services will **increase the confidence of Iraqis** in their government and help convince them that the government is offering them a brighter future. People will then be more likely to cooperate with the government, and provide intelligence against the enemy, creating a less hospitable environment for the terrorists and insurgents.
- Efforts in the reconstruction realm have **significant implications in the security realm** when they focus on rebuilding post-conflict cities and towns. Compensation for civilians hurt by counterterrorism operations and the restoration of some economic vibrancy to areas formerly under terrorist control can help ease resentment and win over an otherwise suspicious population.
- Economic growth and reform of Saddam-era laws and regulations will be critical to ensuring that **Iraq can support and maintain** the new security institutions that the country is developing, attract new investment to Iraq, and become a full, integrated member of the international economic community.
- Economic growth and market reform – and the promotion of Iraq's private sector – are necessary to **expand job opportunities** for the youthful Iraqi population and decrease unemployment that makes some Iraqis more vulnerable to terrorist or insurgent recruiting.

PROGRESS ON THE ECONOMIC TRACK

➤ Our *restore, reform, build*, strategy is achieving results:

- Oil production increased from an average of 1.58 million barrels per day in 2003, to an average of 2.25 million barrels per day in 2004. Iraq presently is producing on average 2.1 million barrels per day, a slight decrease due to terrorist attacks on infrastructure, dilapidated and insufficient infrastructure, and poor maintenance practices. We are helping the Iraqis address each challenge so the country can have a dependable income stream.
- Iraq's nominal GDP recovered from its nadir of \$13.6 billion in 2003 to \$25.5 billion in 2004, led primarily by the recovery of the oil sector. According to the International Monetary Fund, GDP is expected to grow in real terms by 3.7 percent in 2005 and nearly 17 percent in 2006.
- Iraq's exchange rate has been stable since the introduction of its new currency in 2004 and remains so at approximately 1,475 Iraqi Dinar/\$1. A stable currency has allowed the Central Bank of Iraq to better manage inflationary pressures.
- According to the IMF, per capita GDP, an important measure of poverty, rebounded to \$942 in 2004 (after dropping to \$518 in 2003), and is expected to continue to increase to over \$1,000 in 2005.
- Since April 2003, Iraq has registered more than 30,000 new businesses, and its stock market (established in April 2004) currently lists nearly 90 companies with an average daily trading

volume over \$100 million (from January to May 2005), up from an average of \$86 million in 2004.

- Iraq is rejoining the international financial community: it is on the road to WTO accession, has completed its first IMF economic health report card in 25 years, and secured an agreement that could lead to as much as 80 percent reduction from the Paris Club for Saddam-era debt.
- At the October 2003 Madrid International Donors Conference, donors other than the United States pledged over \$13 billion in assistance for the reconstruction of Iraq, including \$8 billion from foreign governments and \$5.5 billion in lending from the World Bank and International Monetary Fund, to be disbursed from 2004 through 2007.
- Iraqi business leaders are decidedly optimistic about the growth of the economy as well as the growth of their own businesses.
 - *According to a September poll by Zogby International for the Center for International Private Enterprise, 77 percent of Iraqi businesses anticipate growth in the national economy over the next two years and 69 percent of respondents describe themselves as being “optimistic” about Iraq’s economic future.*
- Today in Iraq there are more than 3 million cell phone subscribers. In 2003 there were virtually none.

CONTINUED CHALLENGES IN THE ECONOMIC SPHERE

- Even with this progress, Iraq continues to face multiple challenges in the economic sphere, including:
 - Facilitating investment in Iraq’s oil sector to increase production from the current 2.1 million barrels per day to more than 5 million per day;
 - Overcoming decades of Saddam’s neglect of Iraq’s basic infrastructure;
 - Preventing, repairing, and overcoming terrorist and insurgent attacks against vital infrastructure, especially electricity and oil related nodes;
 - Dealing with an increased demand for electricity;
 - The liberalization of border trade and increased salaries of Iraqis, has led to increased demand for electrical goods since 2003, which has driven up demand for electricity. At the same time, insurgent attacks and dilapidated infrastructure have complicated efforts to bring more electricity on-line. The Iraqis, with our assistance, are working to ease electricity constraints by providing greater security to transmission lines, investing in new generation capacity, and evaluating the prospects of using natural gas – as opposed to inefficient fuels – to keep generators running.

- Creating a payment system and a banking infrastructure that are responsive to the needs of the domestic and international communities, and that allow transactions involving possible money laundering, terrorist financing and other financial crimes to be detected;
- Balancing the need for economic reform – particularly of bloated fuel and food subsidies – with political realities;
- Building the administrative and technical capacities of Iraqi ministries;
- Ensuring as much reconstruction assistance as possible flows to Iraqi entities (ministries and businesses);
- Encouraging local and regional capacity building after decades of a highly centralized government, so that reconstruction and essential services can be more evenly distributed throughout Iraq;
- Facilitating progress toward a market-oriented economy by reforming commercial laws and other bureaucratic obstacles to attract investment and private sector involvement;
- Encouraging many in the region and the international community to disburse their pledges more quickly and contribute even greater resources to Iraq's reconstruction.

ORGANIZATION FOR VICTORY

The 8 Strategic Pillars

- Our strategy for victory along the political, security, and economic tracks incorporates **every aspect of American power**, with assistance from agencies throughout the federal government, and the involvement of the United Nations, other international organizations, Coalition countries, and other supportive countries and regional states. *It is predicated on the belief that we must marshal these resources to help Iraqis overcome the challenges remaining before them.*
- Our strategy is **comprehensive**, and relies on a sustained and courageous effort by hundreds of thousands of Americans and Coalition partners, military and civilian, in the security, political, economic, and diplomatic realms – in addition to the millions of Iraqis they work with everyday.
- To organize these efforts, we have broken down our political/security/economic strategy into **eight pillars** or strategic objectives:
 1. Defeat the Terrorists and Neutralize the Insurgency
 2. Transition Iraq to Security Self-Reliance
 3. Help Iraqis Form a National Compact for Democratic Government
 4. Help Iraq Build Government Capacity and Provide Essential Services
 5. Help Iraq Strengthen its Economy
 6. Help Iraq Strengthen the Rule of Law and Promote Civil Rights

7. Increase International Support for Iraq
8. Strengthen Public Understanding of Coalition Efforts and Public Isolation of the Insurgents

➤ Each Strategic Pillar contains at least five independent lines of action and scores of sub-actions, with specific objectives being met by military and civilian volunteers, Iraqis, and our international partners.

- Underlying each line of action is a series of missions and tasks assigned to military and civilian units in Iraq. These missions and tasks are largely classified, but we seek to characterize them in the unclassified appendix that follows. By understanding our organization, Americans can better understand our strategy and the steps we are taking to achieve long-term victory in Iraq.

✓ Each pillar has a corresponding interagency working group – where professionals from the National Security Council, State Department, Defense Department, Treasury Department, Commerce Department, Homeland Security, and other agencies coordinate policy, review and assess the progress that is being made, develop new proposals for action whenever necessary, and oversee the implementation of existing policies.

- Weekly strategy sessions at senior levels of the United States Government ensure that Iraq remains a **top priority** for all relevant agencies with actions along all the eight pillars of activity integrated and calibrated to changed circumstances whenever necessary.

✓ *This is the essence of a conditions-based strategy: constantly reviewing conditions as they evolve and changing and redirecting tactics as needed to keep a trajectory towards long-term success.*

- Our team in Baghdad – led by Ambassador Zalmay Khalilzad and General George Casey – works to implement policy on the ground and lay the foundation for long-term success.

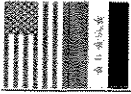
➤ The following appendix outlines each Pillar to provide a sense of how our mission in Iraq is organized. As these pages demonstrate, there is hard work to do, but the stakes could not be higher, and ***we are organized for victory to an extent not seen since the end of the Cold War.***

*“There’s always a temptation, in the middle of a long struggle, to seek the quiet life, to escape the duties and problems of the world, and to hope the enemy grows weary of fanaticism and tired of murder. This would be a pleasant world, but it’s not the world we live in. The enemy is never tired, never sated, never content with yesterday’s brutality. This enemy considers every retreat of the civilized world as an invitation to greater violence. **In Iraq, there is no peace without victory. We will keep our nerve, and we will win that victory.**”*

-President George W. Bush, October 6, 2005

APPENDIX

The Eight Pillars



Defeat the Terrorists and Neutralize the Insurgency

STRATEGIC OBJECTIVE: Iraq is not a source of terrorists or terrorist resources, and neither terrorists, Saddamists, nor rejectionists are able to prevent Iraq's political and economic progress. They cannot stop the Iraqi government's development of a constitutional representative democracy, the provision of essential services, a market economy that provides goods, services, and employment for Iraqis, or the free flow of information and ideas.

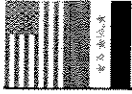
Status: Increasingly capable Iraqi security forces are working with Coalition forces to disrupt enemy operations by preventing the establishment of enemy safe havens in Iraq and by providing enhanced protection of key infrastructure. They are disrupting enemy movements across borders and are applying pressure to stop the use of Syrian territory to facilitate terrorist activities in Iraq. As the Iraqi government establishes its authority, it generates – with international assistance – programs and projects to benefit the Iraqi people and isolate violent extremists from the population. As security improves, the United States will work with Iraqi authorities to strengthen provincial governments, especially through the use of project funding.

The United States is helping Iraq achieve this objective by pursuing the following lines of action:

- Staying on the offensive by aiding the Iraqi government to eliminate enemy safe havens and hunt down members of terrorist cells and key enemy leaders
- Facilitating the establishment of effective local governance and security elements to ensure post-conflict stability and security
- Assisting Iraqi authorities to suppress foreign fighter infiltration and denying terrorists freedom of movement
- Working with the Iraqi government to disrupt enemy financial networks
- Helping the Iraqis to harden, build redundancy, and protect critical infrastructure

"To be sure, the terrorists and insurgents are out to shake our will. But they will not succeed. The Iraqi people, enabled by the military and civilian members of the coalition, will succeed."

-General George Casey, Commander, US Forces in Iraq, June 2005



Transition Iraq to Security Self-Reliance

STRATEGIC OBJECTIVE: The Government of Iraq provides for the internal security of Iraq, monitors and controls its borders, successfully defends against terrorists and other security threats.

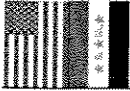
Status: Iraqi security forces, both military and police, are growing in capability through regular and challenging training. They are gaining operational experience to bring the fight directly to the enemies of democracy in Iraq. As Iraqi units become more capable, they are moving from fighting alongside Coalition forces, to taking the lead in operations against the enemy. As more units gain experience and grow more capable, Iraqis will take the lead in the bulk of operations, and Coalition forces will increasingly focus on specialized missions, such as killing or capturing Zarqawi and his henchmen.

The United States is helping Iraq achieve this objective by pursuing the following lines of action:

- Helping to train and equip the Iraqi Security Forces, military, and police, so they can combat terrorist and other enemy activity and maintain a secure environment in Iraq
- Assisting in the development of Iraq's security ministries to control, manage, and sustain the Iraqi security forces and assume greater responsibility for the security of the state
- Increasing the Iraqi government's capability to protect its key economic infrastructure, control its borders, and deny entry to foreign fighters and violent extremists
- Improving the Iraqi government's intelligence capability to augment security force efforts and to protect national interests

"The principal task of our military is to find and defeat the terrorists, and that is why we are on the offense. And as we pursue the terrorists, our military is helping to train Iraqi security forces so that they can defend their people and fight the enemy on their own."

-President George W. Bush, June 28, 2005



Help Iraqis Forge a National Compact for Democratic Government

STRATEGIC OBJECTIVE: Iraq evolves into a free, federal, democratic, pluralist, and unified state representative of all Iraqi citizens.

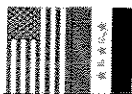
Status: A generation of arbitrary and vicious rule by Saddam Hussein corrupted Iraq's public life and left most Iraqis with little trust in government institutions. Iraqis are now working to overcome this legacy, but their scarred history and rich diversity of religion, ethnicity, language, and experience requires sophisticated political arrangements to ensure that all Iraqis have a place in the new Iraq. The continuation of the political process, coupled with the emergence of compromises across ethnic and religious divides, is drawing in more and more Iraqis, including those who have only known violence as the final arbiter of any dispute.

The United States is helping Iraq achieve this objective through the following lines of action:

- Supporting Iraqi leaders in their quest to bring all Iraqis into the political process, through dialogue and the creation of inclusive institutions
- Offering advice and technical support on elections and effective governance
- Helping to build national institutions that transcend regional and sectarian interests
- Helping the Iraqis replace the corrupt and centralized system of Saddam's regime with effective government bodies at the local, provincial, and national levels
- Assisting with the design and implementation of civic outreach and education programs to help Iraqi citizens understand their rights and responsibilities in a democratic system
- Promoting transparency in the executive, legislative, and judicial branches of government
- Supporting efforts by the Iraqi Transitional Government and successor governments to develop effective and legitimate institutions for legislation, law enforcement, the administration of justice, and the equitable administration of all public services

"This constitution is a national compact between the communities of Iraq, to have a roadmap for the future so they can live together in mutual respect and mutual tolerance. And that's why it's so important and . . . at the same time why it's so difficult."

-Ambassador to Iraq Zalmay Khalilzad, August 2005



Help Iraq Build Government Capacity and Provide Essential Services

STRATEGIC OBJECTIVE: The Iraqi government is able to provide essential services to the population of Iraq.

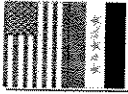
Status: Saddam Hussein pillaged Iraq's infrastructure and directed essential services to favored areas populated with Ba'ath party loyalists. This legacy is now further complicated by forces in Iraq that deliberately target civilian infrastructure to dishearten the public and weaken the central government. These strains on Iraq's infrastructure are exacerbated by an ever-growing demand for electricity and fuel (resulting from an upward spiral of demand for new cars, generators, and air conditioners) and subsidies that make prices for power among the lowest in the world. These difficulties, among others, help explain why progress in these areas has not been as robust as some expected. Nevertheless, impressive gains are being made, with new schools and clinics opening and water projects and electricity generation coming on line.

The United States is helping Iraq achieve this objective through the following lines of action:

- Rehabilitating critical infrastructure in the production and distribution of fuels and electric power as well as training engineers to maintain and operate this infrastructure
- Supporting and strengthening the nascent institutions of public utilities and regulatory agencies
- Rehabilitating water and sanitation infrastructure to provide safe drinking water and reducing the transmission of water-borne disease
- Building and rehabilitating health care facilities, with a focus on impoverished neighborhoods and communities
- Rehabilitating schools, providing new textbooks, computers and materials, and training teachers and school administrative staff
- Encouraging international donors to expand infrastructure and capacity-building efforts through prompt disbursement of pledges

"As to the situation with infrastructure and services for Iraq, the United States, of course, has devoted \$18.6 billion to reconstruction in Iraq, a good bit of that to water projects, to electricity. I think it's awfully important to step back and recognize that under Saddam Hussein this Iraqi infrastructure was seriously deteriorated. ... There is already a lot of work that has gone on on electricity, a lot of work that has gone on on water, from us, from the European Union, from other states."

-Secretary of State Condoleezza Rice, June 2005



Help Iraq Strengthen Its Economy

STRATEGIC OBJECTIVE: Iraqi government policies and legal framework support a market economy and robust private sector-led growth.

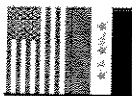
Status: Iraq has enormous economic potential, with an educated, young, and skilled work force and vast natural resources. But Iraq is struggling to reach its economic potential due largely to decades of dictatorship and neglect. Unemployment is high, which fuels popular dissatisfaction and may generate sympathy for the insurgency among some Iraqis. Changing these economic realities will require tough reforms, political will by the Iraqi government, a shift in expectations by the Iraqi people, and the help of the international community. Despite these challenges, Iraq's economy is growing, supporting new businesses every month. Through persistent diplomatic and financial efforts, Iraq is getting control of its once-enormous debt burden. Inflation remains in check, and the international financial institutions have expressed their confidence that Iraq is on the right track.

The United States is helping Iraq achieve this objective through the following lines of action:

- Helping Iraq to improve its fiscal management and transparency
- Encouraging pro-market oriented reform and the achievement of a stable macroeconomic environment
- Supporting the development and implementation of laws and institutions that encourage sustained economic growth
- Encouraging the removal of regulations and termination of practices that obstruct private sector growth in Iraq
- Providing technical assistance to aid the rapid improvement of Iraq's business climate and Iraq's accession to the World Trade Organization
- Assisting the Iraqi government in strengthening its banking and financial system
- Supporting the revitalization of agriculture and other productive sectors to diversify a single-resource-based economy

"... The success of building the new Iraq includes ... the process of political change, which in Iraq is well on the way with the elections and inclusive government, and now a constitutional commission leading to the new constitution and referendum later in the year. But also an economic dimension, for reconstruction and creating opportunity and hope for the Iraqi people..."

- Deputy Secretary of State Robert Zoellick, July 2005



Help Iraq Strengthen the Rule of Law and Promote Civil Rights

STRATEGIC OBJECTIVE: Iraq reforms its legal system and develops institutions capable of addressing threats to public order. Iraq's government operates consistent with internationally recognized standards for civil rights and the rule of law.

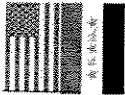
Status: The "rule of law" as a concept denotes a government of laws, and not men. It is a concept that was born in Iraq, thousands of years ago, and also eviscerated there, over the past three decades, by Saddam Hussein. Iraq is now trying to reclaim its proud history. It is working to overcome the effects of tyranny by building a legal system that instills confidence in a new government, ensures that every person accused of a crime receives due process – including fair, public, and transparent trials – and a prison system that complies fully with international standards. The steps taken thus far include establishment of an independent judiciary, creation of the Central Criminal Court of Iraq and the Iraq Higher Tribunal, renovation and reconstruction of courthouses throughout Iraq, establishment of a reformed Iraq Correctional Service, and construction of modern civilian prison facilities.

The United States is helping Iraq achieve this objective by pursuing the following lines of action:

- Promoting an independent, unbiased, and ethical court system through technical assistance and training of prosecutors, attorneys, and judges
- Assisting in the enhancement of security for judges trying insurgent and terrorist cases
- Providing support to the Iraqi Special Tribunal as it investigates and prosecutes crimes committed by the former regime
- Advising the Ministry of Justice in the development of a centralized organization for the management and oversight of a fair and efficient national correctional system
- Assisting in the establishment of safe and secure correctional facilities for the care, custody, and treatment of persons incarcerated in the Iraqi correctional system
- Establishing an anti-major crimes task force, with FBI agents and other U.S. officials aiding their Iraqi counterparts during investigations of terrorist attacks and assassinations
- Promoting a climate for national reconciliation through fair, effective, and independent judicial institutions

"One of the most important ways to fight terrorism is to promote democracy, and one of the most important ways to promote democracy is the rule of law."

-Attorney General Alberto Gonzales, July 2005



Increase International Support for Iraq

STRATEGIC OBJECTIVE: The international community, countries in the region, and regional organizations support Iraq's attainment of democracy, prosperity, and security.

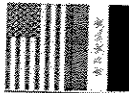
Status: Saddam Hussein's tyranny, wars of aggression, massive human rights violations, and defiance of Security Council resolutions made Iraq a pariah state. Iraq's nascent democracy is transforming itself into a fully functioning, engaged, and responsible member of the international community. Iraq has begun to rebuild its relationships with its neighbors and engage the international community. A series of international conferences and the steady development of Iraq's diplomatic relationships have greatly assisted this process. The June 2005 Brussels conference on Iraq, for example, was co-sponsored by the United States and the European Union, and attended by more than 80 countries and international organizations, demonstrating Iraq's revitalized international standing. The enactment in November of U.N. Security Council Resolution 1637, which reaffirmed unanimous support for Iraq's political process and the role of Coalition Forces in Iraq, provides strong international backing to Iraq's transition. So too does Resolution 1618, which unanimously condemned the terrorists operating in Iraq and called upon all nations to support the Iraqi government and stop the flow of terrorists into Iraq.

The United States is helping Iraq achieve this objective by pursuing the following lines of action:

- Encouraging NATO's continued participation in Iraq
- Maximizing international donor reconstruction assistance and the numbers of partners committed to the rebuilding of Iraq, particularly by helping Iraq seek prompt disbursement of previous pledges and forgiveness of debt
- Encouraging further UN involvement in Iraq
- Emphasizing the importance of Syrian cooperation with the Iraqi government, including the interdiction of foreign fighters trying to cross the border
- Fostering lasting relationships between Iraq, regional partners, and neighboring countries to promote greater levels of cooperation and security within Iraq and within the Middle East

"The work that America and our allies have undertaken, and the sacrifices we have made, have been difficult, and necessary, and right. Now is the time to build on these achievements, to make the world safer, and to make the world more free. We must use American diplomacy to help create a balance of power in the world that favors freedom. The time for diplomacy is now."

-Secretary of State Condoleezza Rice, January 2005



Strengthen Public Understanding of Coalition Efforts and Public Isolation of the Insurgents

STRATEGIC OBJECTIVE: Widespread understanding in Iraq, the Arab world, and international arena of Iraq's successes in building democracy, prosperity, and security. Violent extremism is discredited within and outside Iraq. A professional and informative Iraqi news media has taken root.

Status: Successes in Iraq's political and economic development are overshadowed in the international media, including popular pan-Arab outlets, by a relentless focus on terrorist and extremist violence and a misleading spotlight on the disagreements among Iraqi politicians. This has contributed to an inaccurate and unbalanced view of developments in Iraq among many international audiences and within Iraq itself. Since the fall of Saddam, hundreds of new independent media outlets have sprung up in Iraq. Their presence is a testament to the vitality of a free press, but their quality is often uneven and their level of professionalism could be improved. Together with our international partners, we are working to promote civic understanding and enable Iraq's public and private media institutions to flower.

The United States is helping Iraq achieve this objective by pursuing the following lines of action:

- Communicating with the Iraqi public through information programs and civic education campaigns
- Providing technical assistance and training to support a free, independent, and responsible Iraqi media (including television, radio, and print) that delivers high-quality content and responsible reporting throughout Iraq
- With our international partners, working to help the Iraqi Government develop the ability and capacity to communicate with its citizens in a professional, effective, and open manner
- Encouraging Iraqis to participate in the political process, including the referendum on the constitution and national elections in December 2005, through a wide variety of civic education and public communications tools
- Informing Iraqis about the progress of reconstruction, security, and infrastructure on the national, regional, and local level

"America will not impose our own style of government on the unwilling. Our goal instead is to help others find their own voice, to attain their own freedom and to make their own way."

-President George W. Bush, January 2005